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PROCEEDINGS AND DEBATES OF THE 78th CONGRESS, SECOND SESSION

SENATE

WEDNESDAY, FEBRUARY 9, 1944

(Legislative day of Monday, February 7, 1944)

The Senate met at 12 o'clock meridian, and on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Eternal God, Thou knowest our frame and rememberest that we are dust; Thy patience outlasts all our dullness of apprehension and all our stupid choices. Our baffled minds cannot encompass the explanation of this vast and varied world. Today we come for light enough to walk by. Take Thou the dimness of our souls away that above the battlefields of ancient wrongs we may see and follow the pillar of cloud and of fire which Thy guiding hand flings across the bending heavens.

Pressed by the practical problems which crowd our hours and cry for solution we would keep clear in our vision and faith the eternal things amid the tempests of the temporal. So in our time, O Thou changeless God of the changing years, cause the wrath of man to praise Thee and his scorn and pride to yield to Thy will. Establish Thy kingdom on the ruins of the shattered empires of this world. From the blackened walls of today's holocaust may the holy city of our dreams arise in all its beauty till in the streets which now groan with the lamentations of the oppressed there may rise the silvery laughter of little children and the glad song of the redeemed out of great tribulation. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, February 8, 1944, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and

they were signed by the Acting President pro tempore:

S. 1255. An act to revive and reenact the act entitled "An act creating the Arkansas-Mississippi Bridge Commission; defining the authority, power, and duties of said commission; and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Mississippi River at or near Friar Point, Miss., and Helena, Ark., and for other purposes," approved May 17, 1939;

S. 1504. An act to extend the time for completing the construction of a railroad bridge across the Missouri River at or near Randolph, Mo.;

S. J. Res. 63. Joint resolution requesting the President to proclaim February 11, 1944, as Edison Day in commemoration of the birthday of Thomas Alva Edison; and

H. J. Res. 208. Joint resolution making an appropriation to assist in providing a supply and distribution of farm labor for the calendar year 1944.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore (Mr. PEPPER). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	George	Radcliffe
Austin	Green	Reed
Bailey	Guffey	Revercomb
Ball	Gurney	Reynolds
Bankhead	Hawkes	Robertson
Barkley	Hayden	Russell
Bilbo	Hill	Shipstead
Bone	Holman	Smith
Brewster	Jackson	Stewart
Brooks	Johnson, Colo.	Taft
Buck	Kilgore	Thomas, Idaho
Burton	La Follette	Thomas, Okla.
Bushfield	Langer	Thomas, Utah
Butler	Lucas	Tobey
Byrd	McClellan	Truman
Capper	McFarland	Tunnell
Caraway	McKellar	Tydings
Chandler	Maloney	Vandenberg
Chavez	Maybank	Wagner
Clark, Idaho	Mead	Wallgren
Clark, Mo.	Millikin	Walsh, Mass.
Connally	Moore	Walsh, N. J.
Danaher	Murdock	Wheeler
Davis	Murray	Wherry
Downey	Nye	White
Eastland	O'Daniel	Wiley
Ellender	Overton	Willis
Ferguson	Pepper	Wilson

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The Senator from Iowa [Mr. GILLETTE], the Senator from New Mexico [Mr. HATCH], the Senators from Nevada [Mr. McCARRAN and Mr. SCRUGHAM], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

Mr. WHITE. The Senator from Oregon [Mr. McNARY] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

The ACTING PRESIDENT pro tempore. Eighty-four Senators having answered to their names, a quorum is present.

THIRTY-FOURTH ANNIVERSARY OF BOY SCOUTS OF AMERICA

Mrs. CARAWAY. Mr. President, I wish to pay a brief but nonetheless a deep and sincere tribute to one of the greatest organizations in this Nation, the Boy Scouts of America, on the thirty-fourth anniversary of its founding. I agree with President Roosevelt when he said in his greeting to them that if the people of all countries had taken to heart the basic philosophy of Scouting, perhaps there would never have been a second world war. When there is a job to be done, the Boy Scouts are always in the van. Their record of assistance in our war effort is remarkable. Upon their young shoulders much of the civilian work of scrap collection and conservation work in this war has fallen. This is but one of their many contributions to the cause of liberty. They are doing more than their part to defend the kind of world fostered by their movement, and which looks forward to the day of world brotherhood. How different is their ideology than that of the blind hatred inculcated by Nazi leaders into their youth—a hatred which perverted young minds to the path of student book burnings, and later persecutions, and finally the brutalities of war.

When I pay this tribute to the Boy Scouts of America, I know that I also voice the sentiment of every Member of the Senate, as well as of millions of loyal Americans everywhere.

May God bless the Boy Scouts and their work.

RESOLUTION OF GENERAL ASSEMBLY OF RHODE ISLAND

Mr. GREEN presented a resolution of the General Assembly of Rhode Island, which was referred to the Committee on Commerce:

House Resolution 637

Resolution requesting the Senators and Representatives from Rhode Island in the Congress of the United States to use their best efforts to secure a reconsideration of the Civil Aeronautics Board of the decision of its examiner in relation to air line applications to operate in the Rhode Island area for routes to the south and west

Whereas a Civil Aeronautics Board examiner has recently recommended to the Civil Aeronautics Board that said Board deny several air-line applications to operate in the Rhode Island area for routes to the South and West, which would more fully meet the

needs of Providence for east-west terminal facilities; and

Whereas it is obvious that the only additional service that the Civil Aeronautics Board examiner's recommendations would allow Rhode Island would be furnished by an air line running between Maine and Boston, which would be extended to the New York City area; and

Whereas if such an unfair recommendation is allowed to stand it would be an approval of the outmoded and narrow-sighted transportation principle that has for many years kept Rhode Island completely dependent upon a single railroad system which is in itself dependent upon railroads that are controlled outside of New England; and

Whereas it is apparent that the economic growth of this area has unquestionably been severely handicapped by such monopolistic, restricted, and noncompetitive railroad service; and

Whereas the diversified character of Rhode Island's products, such as jewelry, machine tools, light machinery, lightweight fabrics, and other manufactured articles could be quickly delivered to the south and southwestern points; and

Whereas to deny the State this economic right to merchandise expeditiously its finished products to areas beyond its border, is an arbitrary denial of the inherent right to capitalize upon opportunities that modern competitive east-west terminal facilities would afford to our industries; and would be tantamount to keeping the State bottled up in the transportation strait jacket that we know from long experience will retard its economic development; and

Whereas Rhode Island is desirous of obtaining direct east-west competitive air service and is unqualifiedly opposed to such narrow regional recommendations as those approved by the Civil Aeronautics Board examiner that would result in restricting the State to local air service which ties in with, instead of being an integral part of, air lines beyond the New England area; and

Whereas the general assembly is in hearty accord with the vigorous fight being waged by the Rhode Island Commission on Interstate Cooperation, through its chairman, in protesting to the Civil Aeronautics Board for an opportunity more fully to present Rhode Island's point of view upon this vital matter of an east-west terminal: Now, therefore, be it

Resolved, That the general assembly, realizing the long-felt need for an adequate, competitive east-west air transportation for the future economic development of Rhode Island, does hereby request the Senators and Representatives from Rhode Island in the Congress of the United States vigorously to protest against the recommendation of the Civil Aeronautics Board examiner, to use their good offices to secure a reconsideration by the Civil Aeronautics Board of the decision by its examiner and to seek a more adequate air service that will facilitate rather than retard the State's commerce; and be it further

Resolved, That duly certified copies of this resolution be transmitted by the secretary of state to the Senators and Representatives from Rhode Island in the Congress of the United States, Hon. PETER G. GERRY, Hon. THEODORE FRANCIS GREEN, Hon. AIME J. FORAND, and Hon. JOHN E. FOGARTY.

DECLARATION OF POLICY ON WORLD-WIDE AVIATION—RESOLUTION BY BRISTOL (CONN.) CHAMBER OF COMMERCE

Mr. DANAHER presented a letter from the executive secretary of the chamber of commerce of Bristol, Conn., embodying a resolution adopted by that body, which was referred to the Committee on

Commerce and ordered to be printed in the RECORD, as follows:

CHAMBER OF COMMERCE,
Bristol, Conn., February 7, 1944.

Hon. JOHN A. DANAHER,
Senator from Connecticut
Senate Building, Washington, D. C.

DEAR SIR: On July 15, 1943, 16 of the domestic airlines filed with the Civil Aeronautics Board a declaration of policy on world-wide aviation.

The directors of the Bristol Chamber of Commerce have given this declaration very serious thought and consideration, and at a meeting held on Friday, February 4, 1944, they voted to adopt the following resolution, and to send copies to our representatives in Congress and the Civil Aeronautics Board. The resolution follows:

"Whereas the board of directors of the Bristol Chamber of Commerce has given due consideration to the principles set forth in the declaration of policy on world-wide aviation endorsed by 16 of the domestic air lines; and

"Whereas the members of said board are in agreement with said principles: Therefore be it

Resolved, That the Congress be urged to make this declaration of policy operative and that the appropriate governmental agencies incorporate in their planning of foreign air transportation to be operated by the United States flag air carriers the following basic policies to be established in the world system of air transportation thereunder created:

"1. Free and open world-wide competition, subject to reasonable regulation by the appropriate governmental agencies.

"2. Private ownership and management of air lines engaged in domestic and foreign operation.

"3. Fostering and encouragement by the Government of the United States of a sound world-wide air-transportation system.

"4. World-wide freedom of transit in peaceful flight.

"5. Acquisition of civil and commercial outlets required in the public interest; be it further

Resolved, That a world-wide system of air transportation should be developed in which open and free competition, reasonably regulated, be given full play. That the air lines of the United States be permitted to forge ahead under the stimulus of world competition. Their growth should not be straight jacketed by the withering effect of monopoly. Private ownership, with its encouragement of initiative and creativeness, and its attendant rewards for accomplishment should be our undeviating policy; be it further

Resolved, That there should be no delay in the development of world-system air transportation policies and the consummation of negotiated arrangements to make them operative."

We hope you will support the declaration of policy by the air lines.

Respectfully yours,

J. J. HAMMEL,
Executive Secretary.

PROHIBITION OF INTERSTATE COMMERCE TRANSPORTATION OF ALCOHOLIC BEVERAGE ADVERTISEMENTS—PETITION

Mr. CAPPER. Mr. President, I ask unanimous consent to present and to have printed in the RECORD a letter and a petition, without all the signatures attached, which I have received from Clara L. Swenson, of Mankato, Minn., praying for the enactment of Senate bill 569, to prohibit the transportation in interstate commerce of advertisements of alcoholic beverages, and for other purposes. This bill, introduced by me, covers all types of beverage alcohol adver-

tising. I request that the letter with the accompanying petition be appropriately referred.

There being no objection, the letter with an accompanying petition were received, referred to the Committee on Interstate Commerce, and ordered to be printed in the RECORD, without all the signatures attached, as follows:

JANUARY 31, 1944.

Senator CAPPER:

DEAR SIR: I am enclosing a petition for S. 569 with the hope that when this bill comes before Congress it will have favorable recognition. I feel that it would be a great forward step if we, like Canada, could do away with the untruthful advertising of beverage alcohol.

Sincerely,

CLARA L. SWENSON,
Mankato, Minn.

To the Senate of the United States:

To reduce the luring effects of alcoholic beverages on adults, its contribution to juvenile delinquency and the waste of materials in wartime, we, the undersigned citizens of the State of Minnesota, petition the Congress of the United States to pass the Capper bill, S. 569, which covers all types of beverage alcohol advertising.

Rev. H. A. KINGSRITER,
Mrs. H. A. KINGSRITER,
Mrs. H. L. BURCH,
CLARA L. SWENSON,
Mankato, Minn.

REPORT OF COMMITTEE ON EDUCATION AND LABOR

Mr. THOMAS of Utah, from the Committee on Education and Labor, to which was referred the bill (S. 1509) to provide for the education and training of members of the armed forces and the merchant marine after their discharge or conclusion of service, and for other purposes, reported it with an amendment and submitted a report (No. 687) thereon.

REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

Mr. BARKLEY, from the Joint Select Committee on the Disposition of Executive Papers, to which were referred for examination and recommendation two lists of records transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted reports thereon pursuant to law.

POST-WAR ECONOMIC POLICY AND PLANNING—CANCELLATION OF WAR CONTRACTS, ETC.—PART 2 OF REPORT NO. 539

Mr. GEORGE. Mr. President, I ask unanimous consent to submit a report from the Special Committee on Post-War Economic Policy and Planning, pursuant to Senate Resolution 102 creating a Special Committee on Post-War Economic Policy and Planning. The report covers cancellation of war contracts, disposition and sales of surplus property, and industrial demobilization and reconversion. I ask that the report be printed in the RECORD and also printed in the usual course under the rule.

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed, and printed in

the RECORD as requested by the Senator from Georgia.

The report is as follows:

On November 18, 1943, this committee submitted to the Senate a preliminary report on three subjects: The cancellation of war contracts, industrial demobilization and reconversion, and the disposal of surplus property. Since the submission of that preliminary report the committee has heard many additional witnesses in both open and executive hearings and has carefully studied all plans submitted to it by individuals and organizations who have made a study of these subjects. It has also carefully studied the testimony given before the subcommittee of the Senate Military Affairs Committee, of which Senator MURRAY is chairman; the Senate Special Committee Investigating the National Defense Program, of which Senator TRUMAN is chairman; the House Military Affairs Committee, of which Representative MAY is chairman; and the House Select Committee on Small Business, of which Representative PATMAN is chairman. The information thus adduced forms the basis of this report on the three subjects.

The committee has also been working with the subcommittee of the Senate Military Affairs Committee, of which Senator MURRAY is chairman, and with that subcommittee is considering legislation.

THE MAGNITUDE OF THE PROBLEMS

The study of these problems subsequent to the preliminary report in no way minimized them. Rather, it magnified the colossal size of the task and accentuated the great need for having ready completely matured and coordinated plans for demobilization against the day when peace again comes to the world. The problems are so transcendent that the economic destiny of this country may well depend upon their proper solution; no amount of study put upon them can be greater than they deserve.

That mobilization is the supreme task of this Nation until the military might of our enemies is utterly destroyed cannot be over-emphasized. No thinking and no planning for conversion to peace should be permitted, in even the slightest degree, to interfere with the prosecution of the war and the supreme mobilization effort. No discussion of reconversion to peace should for an instant be construed as optimism over the early ending of hostilities.

However, it is not believed that the making of plans for reconversion to peace will in any way interfere with the all-out mobilization effort. It is the aim of this committee to set up machinery not only to coordinate all of the planning for peace but to coordinate that planning with the planning for war.

Since our entry into the war, approximately 10,000 prime contracts have been canceled for the convenience of the Government. Most of these have been replaced with other Government contracts, resulting merely in a change-over from one type of war production to another. As to the remainder, the effect upon the national economy of the delays incident to contract settlement and plant reconversion was not too serious, in the face of an existing manpower shortage. Even with this comparatively small number of cancellations spread over a considerable period of time, the average time required for settlement with a contractor has been from 6 to 8 months.

The Under Secretary of War testified before this committee that when hostilities cease the Army alone would cancel 100,000 prime contracts, which in turn would result in the cancellation of a million important subcontracts. There will be no war contracts to substitute at that time. The factories holding those contracts provide employment for a majority of the workers in manufacturing industries and indirectly provide employment

for many million others in the distributive industries. To avoid disastrous unemployment totals, the period of cessation of work in those factories must be kept to an absolute minimum.

Many factories have their entire working capital tied up in one phase or another of those contracts. Until contractors are put in funds to reconvert and carry on peacetime operations, they cannot be substantial employers of labor. Even with a substantial payment against their claims, they will be handicapped in their operations until they know with certainty the total they are to receive from the Government.

Others have their factories filled with inventories for the manufacture of war goods. Those inventories must be moved out before they can convert to peacetime production. Still others have filled their plants with Government-owned machinery which must be moved out so that their own machinery can be moved back in. Still others have sold, at the instance of the Government, machinery not needed for war production but which must be replaced before peacetime production can be resumed.

Regardless of any Governmental plans that may be made for publicly financed construction programs and similar work programs, the question of whether or not this country has an intolerable unemployment situation will depend upon the speed with which private industry can be reconverted to peace. The Brookings Institution, in its study of post-war reemployment, concludes: "A state of reasonably full employment at the end of the transition period would be realized with an employment level of fifty-four millions. This would mean an increase in employment over 1940 of about eight million, or roughly 17 percent." Based on War Manpower Commission estimates, the same report concludes that if the war continues, there will be employed in December 1944, outside the armed forces, approximately 50,000,000 people. This leaves four million additional who must find employment outside the armed forces. It must be borne in mind that this is a greater number of people than have ever been employed in private industry before in America. The problem of getting these people to work will be difficult enough without complicating it by having factories remain idle because they cannot get their plants cleared of war inventories and Government machinery and their canceled war contracts settled.

Approximately \$19,000,000,000 have been spent on new plants since the war started. Roughly, fifteen billion of this has been spent by the Government and four billion by private industry. Some of these plants the Government will need to keep in operation. Some they will need to retain in a stand-by condition. Others will be suitable for conversion to peacetime production and still others, for one reason or another, will have no value as manufacturing plants. Certainly, all of those that the domestic economy can absorb should be sold to private industry at the earliest possible moment.

Many private operators have options to purchase Government plants, that could well delay their operation. Certainly, those options should be respected where they exist; but, unless there is reasonable certainty that they will be exercised promptly, every effort should be made to remove them from the contracts.

The Government also owns many hundred thousand acres of land on which camp sites have been established, many port installations, pipe lines, and other facilities, all of which will have to be disposed of.

No one can make an intelligent guess as to how much movable property the Government will own at the conclusion of hostilities. Estimates of property presently owned by the Government are not indica-

tive. The same is true of present factory inventories, which would become the responsibility of the Government upon the cancellation of its contracts. Estimates of the amount of goods that would be owned by the Government upon the termination of its contracts run as high as \$75,000,000,000. Some of this will consist of materials which will be so plentiful that to dump them on the market would mean that no factory manufacturing those products could turn a wheel for years to come, and consequently could employ no one. Some of the materials will be critically scarce and must be disposed of in such a way as to prevent their concentration in a few hands, leaving other factories closed down for lack of them. The physical problem of storage will be gigantic. The problem of marketing these inventories so as to secure their greatest economic use and at the same time not disrupt the economy will tax the best minds in America.

This committee feel that these three problems, as well as many others that will arise in the reconversion period, are so inseparably linked that they cannot be handled piecemeal. It believes that an agency should be created by Congress to devote its entire attention to the working out and coordinating of all demobilization problems, under broad principles laid down by the Congress. It feels that regardless of how long the war may last, this planning should be started immediately. It feels that this agency should begin now to collect the most complete information with reference to the factories that will be affected by war-contract cancellation, their manpower requirements as war industries and as peace industries, their inventory and machinery requirements in both categories; should make plans wherever possible to have the requisite peacetime machinery and inventories available to manufacturers at the earliest possible moment after peace comes; should have inventories of not only the goods that the Government has on hand, but of those in the hands of the war production factories, so that it can have formulated in advance the necessary plans for the disposal of those inventories and can determine the necessity for continuing or relaxing price controls, rationing and allocation of materials, in order to keep the economy on an even keel.

The agency should survey the potentialities of all the Government-owned plants and should determine which of those can be sold to private interests and absorbed into the domestic economy and which of those, not needed by the Government, cannot be so sold. Plans should be made to convert the latter into warehouses for the storage of surplus property the very instant their use as war plants ceases. Plans should be worked out with private contractors in advance of cancellation so that they can know almost instantly to which of these warehouses they can ship the inventories and machinery that must be moved out of their plants.

The cutting of all red tape must be provided for in advance. To cut much of this red tape will require action by the Congress, but it will also require a mental approach different from that which has so often delayed the Government's business transactions. It must have a mental approach that brushes aside all obstacles to its accomplishment. Its intelligent and speedy accomplishment is the second most important task facing America.

The Congress should not overlook the fact that however unavoidable is the delegation of its policymaking powers in time of war, it is quite another thing for Congress to delegate its primary functions to any executive agency in time of peace and it should retain in its hands the settlement of the broad basic problems of the demobilization program out of which the structure of the peace economy will arise. The nature of the

economy of this country for many years to come will depend upon the policies and decisions which are to be followed in the demobilization. Regional, State, and local considerations have been overlooked of necessity in the mobilization for war, for in war central power is essential. They cannot be overlooked in the reconstruction program for which we are now preparing. The economic life of this Nation must not be permitted to become dependent upon Washington directives for peace as it has been for war.

The committee believes that the Congress should lay down the broad policies under which these problems are to be handled, should create the agency for coordinating them and define its duties and should immediately pass any legislation necessary to clear away obstacles to their speedy settlement and should repeal or amend any legislation that presents such an obstacle.

The committee recognizes that hostilities may cease in two stages; that the problems of reconversion may come in three steps, or may go through continuing changes as the tempo of war changes. Those changes, however, are changes in degree only and are ones with which the recommended central agency will have to deal. It is not believed that these differences in degree affect the part which Congress should play in clearing the way for the solution of the great, broad problem.

GENERAL POLICIES

The statement of policies should make it clear that:

The paramount consideration in the handling of all demobilization problems should be the preservation and strengthening of the American system of free competitive enterprise. All war plants and war surpluses should be handled by the demobilization agency so as to promote such enterprise.

Every action taken should be controlled by the compelling necessity of getting American business on a full employment basis with the minimum possible delay. The dollar value to the Government of the things being dealt with should not be lost sight of, but its consideration should not interfere with the accomplishment of this objective.

Government plants no longer necessary to the national defense should be disposed of in such way as to result in their greatest economic use, but the effect upon the general economy should be the first consideration in determining the disposition to be made of them. All plants suitable for the production of peacetime goods and not needed for the national defense should be sold, where this can be done without causing ruinous overproduction in any industry. An industry should not be severely damaged through overproduction merely for the purpose of selling a Government-owned plant, but a plant should be held off the market only where its operation would result in the production of more goods than the market could absorb at reasonably competitive prices. The leasing of plants for a period sufficiently long to determine the effect of their operation upon the economy should be authorized.

No Government plant should be disposed of in a manner to create monopoly, strengthen monopolies already existing, or otherwise encourage monopoly, but the fostering and encouragement of competitive enterprise and small business should be a prime consideration.

Authority should be expressly withheld from any agency to dispose of Government-owned plants in basic industries, where the Government holdings of those plants are sufficient for their disposal to exert a preponderant influence on the future course of that industry. In such category are airplane factories, rubber, aluminum, and magnesium plants, shipyards, pipe lines, steel mills, and possibly others. The use or disposal of plants in these industries may well

have to be correlated with the Nation's foreign policy and Congress should expressly legislate further in regard to them.

Surplus goods should be disposed of in a manner to best utilize their economic value, and as expeditiously as possible. At the same time, they should not be forced on the market in quantities greater than the civilian market can absorb, without unduly disturbing the economy, or in quantities that will cause the shutting down of factories producing them. Their sale should be so timed as to take into consideration its impact on the economy. Any surpluses that cannot be absorbed in this country within a reasonable time without disrupting the economy should be sold abroad, where this can be done without also unduly disrupting the domestic economy.

No Government-owned plants should be scrapped and no surplus property should be destroyed except in circumstances where their continued existence would have such a profoundly harmful effect upon the national economy that their destruction appears imperatively necessary.

Where practicable surplus goods should be sold in quantities that will permit their acquisition by small purchasers. Methods of sale that will permit these goods to fall into the hands of speculators should not be used, but wherever possible they should be distributed through regular distributive channels.

The shutting down of factories, the stoppages of work, and the unemployment of workers, through delays in contract settlement, will cause far greater loss of revenue to the Government—to say nothing of the general economy—than could possibly be saved through conventional preaudit of contractors' claims. The prime requisites in the settlement of such claims are speed and fairness and these should not be sacrificed in an effort to detect latent fraud prior to settlement, but the most complete and adequate machinery should be set up for post-audit to detect and punish fraud.

Prime contractors and subcontractors and the various layers of contractors below subcontractors have all contributed in equal degree, according to their ability, to the war effort, and the Government owes the same obligation to all of them, whether or not their claims legally are against the Government, and its contract termination procedures must be designed to afford them equal protection certainty, speed, and fairness. Every possible effort should be made to overcome any legal obstacles that may stand in the way of this purpose.

Unless previous arrangements have been made for their retention by the contractor, Government-owned machinery, tools, equipment, and inventories should immediately be removed from privately owned plants. The fact that no adequate storage facilities exist for them should not be a deterrent to the accomplishment of this purpose. Privately owned plants moved their machinery into the weather to accommodate Government machinery, and if necessary to prevent the shutting down of private plants, the Government should do the same with its property. If there is a conflict, the reopening and reconversion of plants to enable them to give employment is paramount to the preservation of Government-owned physical property.

The Army, Navy, and Maritime Commission should determine what property in their hands constitutes surplus. The determination of what constitutes surplus in the hands of other agencies should rest with the office of demobilization, or its designee.

CENTRAL AGENCY

The committee recommends the establishment, by statute, of an office of demobilization, headed by a director of demobilization to be appointed by the President and confirmed by the Senate. The director should

hold office for a term of 2 years, but should be subject to reappointment at the end of that term. The director should be empowered to appoint deputy directors to head units to deal with contract cancellation, plant reconversion, disposal of surplus property, and such other units as may be necessary.

In the office of demobilization should be created a full-time board, appointed by the director, and composed of the ablest men whose services can be secured, upon whom the director can constantly call for advice and assistance. The deputy directors may be members of the board.

There should also be created a congressional committee, composed of three Members of the Senate and three Members of the House, to confer with the director on matters of broad general policy, and to whom he should report not less frequently than every 30 days on all general policy decisions made by him. This committee, any of its members, or its designee should be free to attend all meetings of the board of the office of demobilization.

The office of demobilization should be supreme in all matters relating to industrial reconversion to peace, except that, so long as hostilities continue, it should be subordinate to the office of war mobilization and should coordinate all of its activities with other agencies through that office, keeping the director of war mobilization constantly advised of those activities.

It should not be an operating agency, as all of the evidence before this committee indicates that the actual carrying out of plans can best be handled by agencies already established, under the over-all policies laid down by the office of demobilization. It should, however, have the power to set up its own administrative machinery, or to supplement the administrative machinery of existing agencies, in any case in which the existing agency fails to follow its direction or has inadequate manpower for the job assigned to it.

In outlining its duties and powers, it should be made plain that upon it rests the responsibility for having formulated complete plans for industrial reconversion to peace and for the coordination of all such plans, and that its power to issue orders to other agencies of the Government with reference to industrial reconversion plans and policies is absolute, subject only to its control by the office of war mobilization until hostilities cease.

It should be directed to cause a complete survey to be made of all Government-owned plants and other plants engaged in war production to ascertain which of those plants are necessary for the national defense, which of them can be converted to peacetime use, and which of them have no economic value in either category, and to promulgate plans that will result in the speediest possible conversion of those in the second class and the greatest economic use of those in the third class.

It should be directed to cause a complete inventory to be made of all Government property and to gather such information with reference to inventories in the hands of private industry as would enable it immediately to put into effect a matured plan for the handling, storage, disposition, and control of those inventories which will become the property of the Government when contracts are canceled.

It should be directed to prescribe a uniform cancellation clause for each type of contract embodying the principles set out in this report, with formulas applicable alike to both prime and subcontractors, which every prime contractor and subcontractor should be given the option to adopt in lieu of any termination clause that may now be in his contract; adopt uniform rules for the filing of claims arising out of the cancellation

of contracts, prescribe forms for the filing of such claims, prescribe the evidence necessary to support them and determine the records of settlement which are to be kept; work out with the various contracting agencies of the Government the speediest possible method of handling claims of contractors and take such steps as may be necessary to familiarize all contractors and contracting officers with the procedures worked out; establish a regular reporting system on the progress of termination settlements and disposal of property and obtain such additional information from the contracting agencies from time to time as may be deemed necessary; work out, as far as practicable, a system of advance notice to contractors of contemplated termination; appoint the review tribunals hereinafter referred to.

It should be directed to consult with representatives of industry—large and small—labor, agriculture, and with the heads of all interested Government departments to the extent necessary to familiarize itself with the problems of all segments of the economy.

It should be directed to see that no plants are scrapped or surplus property destroyed, except upon a two-thirds vote of the board, concurred in by the director.

It should be authorized and directed to utilize the services of any other agency of the Government in handling the mechanics of conversion problems, give direction to their operations in the handling of such problems, and, where necessary to carry out its policies, establish its own administrative machinery.

It should be authorized and directed to make such rules and regulations within the framework of the general policies laid down by the Congress as it may deem necessary and to do any and all other things, within the framework of those policies, that may be necessary to effectuate them.

It should be directed to report to Congress every 3 months on the exercise of its duties and powers, on the operation of each of the contracting agencies, and on the needs for any additional legislation, and to furnish Congress with any other information which may be desired.

The director and the board should hold public sessions from time to time; should be accessible to the general public; and should act as a forum in which public reactions to the demobilization program may be given expression.

ADVANCE PAYMENTS

Such a vast amount of the capital of so many manufacturing concerns will be tied up in inventories and in claims against the Government that it is absolutely essential that payment be made without any delay whatsoever. Unless congressional direction is given that will result in the Government dealing with contractors just as two ordinary business concerns would deal with each other, the traditional and entirely proper feeling that the Government's funds are sacred will result in delays that cannot be tolerated. Unless claims for inventories are paid just as a commercial invoice is paid, many companies will not be able to operate. Certainly, in relaxing the traditional rules governing payments by the Government, every safeguard against fraud, consistent with speed, should be thrown around those payments.

The committee recommends the immediate payment of the contract price for all finished goods on hand; the immediate payment of 100 percent of the direct cost of all inventories of raw materials and partially processed goods in the hands of the contractor, and as large a percentage, up to 90 percent, of all other items in the claim as the contracting agency feels will afford the Government reasonable protection.

Where the detailed ascertainment of the direct cost of inventories is apt to cause delay, the procuring agency should be au-

thorized to make advance payments and partial payments up to 90 percent of the estimated total amount due on terminated contracts and subcontracts or groups thereof, and should be authorized to base the estimates on such certificates of the contractor or on such other evidence as they deem sufficient, or as may be prescribed by the office of demobilization.

The procuring agencies should also be authorized to make direct termination loans to contractors and subcontractors and to make guaranties of loans by public and private financing institutions, similar to the present V-loans. The Reconstruction Finance Corporation and the Smaller War Plants Corporation should be authorized to make loans where necessary to keep plants in operation, but where the need may not arise directly out of the termination of a contract.

The office of demobilization should be authorized to direct the procuring agencies to make mandatory advance or partial payments or loans or guaranties of loans, to such classes of contractors and subcontractors, upon such terms and conditions and upon such evidence, including the mere certificate of the contractor, as the office of demobilization deems appropriate.

Inasmuch as all of the traditional rules with reference to preaudit are being relaxed, severe penalties should be imposed for overstatement of the claim. It is recommended that a penalty of 1 percent a month upon the amount of any excessive advance payment obtained by the contractor through overstatement of his claim be imposed upon him from the time payment is made to him until repayment is made to the Government, which penalty should not be a deductible expense for income-tax purposes.

If the disbursing officers have to make any study whatsoever of the great number of claims that will be submitted before paying the major portion of them the payments will be too long delayed. It is recognized that by the method suggested, some unscrupulous contractors may obtain from the Government more than is due them and in some instances it may not be possible to recover those excess payments, but it is believed that the money which will be lost through the loss in tax revenues and through unemployment benefits, due to failure of many contractors to operate, will far more than offset any possible fraudulent losses, to say nothing of losses through the stagnation of the private economy.

THE SETTLEMENT OF CANCELED CONTRACTS

Some means must be found to speed up the settlement of canceled contracts. In fact, more than a hundred thousand prime contracts, with all of their subcontracts, must be settled much faster than the 10,000 already canceled have been and are being settled.

Under the present system of contract settlement, the contracting agency deals only with the prime contractor and requires the prime contractor to settle with his subcontractors and the subcontractor to settle with his subs, subject to approval by the contracting officer, of the subcontract settlements. There is nothing in any cancellation clause so far adopted or proposed that gives to either the prime contractor or the subcontractor any yardstick or formula for the settlement of subcontracts. As the matter now stands, a prime contractor might reach agreements with thousands of subs and have all those agreements disapproved. He would then have to start over, with no more certainty that subsequent agreements would be approved. The present clauses make no provision for caring for the subcontractor's inventories or the taking over of them by either the prime contractor or the Government.

The job cannot be done in the way it is now being handled, within any tolerable time.

It is believed that, wherever feasible, the filing of over-all claims by contractors and subcontractors and the settlement with both on an over-all company basis would greatly speed the process. The use of the over-all company claim probably would result in not more than 10 percent as many claims being filed as would be filed under the present method. Its use would enable contractors to lump inventories and direct costs applicable to Government business and avoid the necessity of undertaking to break those items down and allocate them to individual contracts. It would release a large percentage of the executive manpower of the Nation to work out the other problems of business. Under the present system, a subcontractor, with only one executive, might have to deal with hundreds of prime contractors scattered throughout the country. The entire time of that executive could be taken up for months to come. Some of the large prime contractors have thousands of subcontracts that would have to be dealt with individually, and while these prime contractors probably have more executive manpower, their problem could well be as great, proportionately. The over-all claim method would obviate most of this work, which has to be handled by company executives. Evidence was put before the House Military Affairs Committee and a subcommittee of the Senate Military Affairs Committee indicating that only 90,000 manufacturing concerns in the entire country filed income-tax returns. It may be safely assumed that this is the maximum number which would have Government contracts and that the more than one and a half million prime and subcontracts are divided among them.

It is recognized that there are many administrative obstacles to the handling of claims in this manner, but in most cases those obstacles are not insurmountable for anyone who is determined to surmount them. Because solutions for those administrative obstacles have not been worked out, and in some cases cannot be worked out, the over-all claim method cannot be made mandatory, but the contracting agencies should fully explore its possibilities, with a view to utilizing it wherever it will shorten the settlement process.

Legislation would be necessary to cut across the traditional concept of the expenditure of appropriations. The Army would have to be authorized and directed to use its funds in the settlement of Navy contracts, and vice versa, with later accounting between the services. This is done, in reverse, in renegotiation. Most of the renegotiation is being handled on an over-all company basis, rather than on a contract basis.

It probably would also be necessary to cut across some of the legal concepts of privity of contracts and the objection might be made that the prime contractor would not be willing for the Government to deal with his subcontractors. There seems little difficulty, however, in the Government contracting for this right, purchasing the subcontractor's claims, if necessary.

Legislation should also be passed specifically authorizing negotiated settlements, but these settlements, like all others, should be based upon records sufficiently complete to be susceptible of post-audit for fraud. The office of demobilization should prescribe the scope of those records.

Conventional pre-audits of claims are utterly impractical and the Comptroller General should be relieved of any responsibility for pre-audits. The office of demobilization should make rules prescribing checks which are feasible and appropriate to the circumstances, but more than this would produce intolerable delays. It should be made perfectly plain that settlements agreed upon can only be upset for fraud.

At the same time, there should be the fullest opportunity for post-audit to detect fraud.

It is not the committee's belief that every claim should be fully audited but certainly any claim in which there is the slightest suspicion of fraud should be. The responsibility for having post-audits made should be placed upon the office of demobilization and it should be authorized to use any accounting agencies of the Government and set up such additional agencies as may be deemed necessary. It should prescribe the keeping of company records of every settlement, and a statute should be passed requiring every contractor to keep the prescribed records for a period sufficiently long to permit audits for fraud, and the failure to keep such records should be made a criminal offense. The statute of limitations against fraud prosecutions should be extended and provision should be made for the recovery of triple damages of any sums paid as a result of fraud. Every possible safeguard should be set up to punish fraud because of the necessity of relaxing the conventional preventive controls.

The Government should be required to pay interest on that portion of the claim which is not paid within 60 days. The interest rate should be sufficiently high to make the claim bankable, but sufficiently low not to encourage the contractor to delay settlements. It is believed that 3 percent interest would strike a happy medium.

INVENTORIES

The present cancellation clauses authorize the contracting officer to require the contractor to sell his inventories and likewise authorize the retention of the inventories by the contractor at an agreed price. Inventories in the hands of manufacturers will constitute such a very large percentage of the total of surplus goods that a planned disposal of surpluses by the office of demobilization would be impossible without including the inventories in the hands of manufacturers allocable to canceled contracts. If those inventories were sold at the discretion of individual contracting officers, their sale would disrupt any plans that the office of demobilization could make for the orderly disposition of other surpluses. It is, therefore, recommended that the office of demobilization, or its designee, be authorized to take immediate title to all inventories in the hands of manufacturers allocable to canceled contracts and that they be disposed of under the policies laid down by that office. It is not believed that this would in any way conflict with the Army's desire to be able to transfer such materials between war factories and it should not be permitted so to interfere, but to carry out the provisions of the termination clauses could well result in the market being completely glutted with certain types of goods while scarce goods fall into the hands of a few manufacturers.

Wherever inventories are not removed from a contractor's plant within 30 days, the contractor should have the right to remove and store them. Any agreements for retention of inventories by the contractor should be made under the general policies laid down by the office of demobilization, but no contractor should be required to retain title to them as a condition of his termination settlement.

REVIEW AND APPEAL

In the interest of speed and certainty, settlements reached between the Government and a contractor should not be subject to review by any independent agency, except for fraud. Where the Government and the contractor cannot agree, the contractor should have the right of appeal to an independent tribunal. To make that right of appeal real, any provisions in contracts making the findings of fact of contracting officers or department heads final in regard to the amount due on terminated contracts should be nullified by statute.

The right of appeal to the courts, if it were the only method, would be more imaginary than real. Court machinery would become so

hopelessly clogged that settlements would drag interminably. It is believed that the contractor should have the right to go to the Court of Claims if he wishes, and additional commissioners should be appointed in the Court of Claims to facilitate the functioning of that court.

However, some more summary method must be found to give the contractor an opportunity to present his case to an impartial tribunal.

This can best be accomplished in three ways:

(a) By authorizing the Government to submit its controversies to arbitration and providing that arbitration shall be had under the terms of the National Arbitration Act, on the demand of the contractor;

(b) By having umpires appointed by the office of demobilization in every judicial district, with adequate salaries and adequate staffs;

(c) By setting up a review board in Washington, to be appointed by the office of demobilization.

It should be provided that no appeal could be taken until 60 days after all of the contractor's evidence had been submitted to the contracting officer, to give the contracting officer an opportunity to make a decision.

Submission to an umpire or to the Washington review board should have the same legal effect as submission to arbitration and the selection of one method of appeal should preclude all others. The contractor should have his choice of the summary method with greater speed, or of recourse to the courts, but there must be an end to litigation arising out of these contracts, and having selected the summary method, access to the courts should be denied, except to set aside an award on the same basis as arbitration awards can be set aside.

It is also recognized that in the hurry of getting out contracts, many of them contained clauses that were unnecessarily harsh or omitted clauses that should have been included. As the law now stands, contracting officers are bound to take advantage of every inclusion or omission in a contract, no matter how inequitable it may be. The First War Powers Act confers upon the contracting agency the power to amend contracts without consideration and this power is being exercised by the heads of the agencies. That power should be continued and the review board set up by the office of demobilization should be given power to review any action on the part of the contracting agency in connection with it.

MISCELLANEOUS LEGISLATION

There is a very general feeling that the imposition of personal financial liability upon contracting, certifying, and disbursing officers for overpayments causes them to be too meticulous and greatly slows down the settlement process. The amount which could be recovered from those officers is so negligible that it is recommended that this liability be removed, in the absence of fraud.

There are a great many so-called informal contracts, purchases against which contracts were not issued, and other situations in which the Government has received material for which in good conscience it should pay. An act should be passed validating all of these contracts and providing that the Government should pay for goods delivered to it in good faith and from which it benefited. The Dent Act, passed at the end of the last war, was not broad enough to cover quasi contracts. An act similar to it but broad enough to do this should be passed.

It is also believed that in order to facilitate the acquisition of inventories from war contractors incident to contract termination, the requirement that the Government purchase by competitive bidding or at the lowest price available should be removed and specific authorization should be given to sell surpluses

by private negotiation and to others than the highest bidder.

CONCLUSION

Until the various Government agencies know the pattern of legislation dealing with these subjects and know what duties are to be performed by each, no final plans can be matured by them.

It is imperatively necessary that whatever legislation is to be passed be gotten under way at the earliest possible moment.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. WALSH of Massachusetts, from the Committee on Naval Affairs:

Rear Admiral Randall Jacobs, United States Navy, to be a vice admiral in the Navy, for temporary service, while serving as Chief of Naval Personnel in the Department of the Navy, to rank from the 1st day of February, 1944;

Medical Director Ross T. McIntire to have the rank of vice admiral in the Navy, for temporary service, while serving as Surgeon General and Chief of the Bureau of Medicine and Surgery in the Department of the Navy, to rank from the 1st day of February, 1944; and

Civil Engineer Ben Moreell to have the rank of vice admiral in the Navy, for temporary service, while serving as Chief of the Bureau of Yards and Docks in the Department of the Navy, to rank from the 1st day of February 1944.

By Mr. CONNALLY, from the Committee on Foreign Relations:

Leslie W. Johnson, of Minnesota, now a Foreign Service officer of class 8 and a secretary in the Diplomatic Service, to be also a consul; and

Sundry persons for promotion in the Foreign Service.

By Mr. WHEELER, from the Committee on Interstate Commerce:

Elwell K. Jett, of Maryland, to be a member of the Federal Communications Commission for the term of 7 years from July 1, 1943, vice George Henry Payne.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Several postmasters.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH of Massachusetts:

S. 1708. A bill to amend section 12 of the Pay Readjustment Act of June 16, 1942, relating to travel allowances; to the Committee on Naval Affairs.

By Mr. PEPPER:

S. 1709. A bill for the relief of Mrs. Clark Gourley; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

S. 1710 (by request). A bill to authorize the sale and conveyance of certain property of the estate of Jackson Barnett, deceased Creek Indian; to the Committee on Indian Affairs.

By Mr. REYNOLDS:

S. 1711. A bill to amend the act entitled "An act to authorize Army officers designated by the Secretary of War to take final action on reports of survey and vouchers pertaining to the loss, damage, spoilage, unserviceability, unsuitability, or destruction of Government property," approved October 30, 1941 (55 Stat. 758); to the Committee on Military Affairs.

CONTINUATION OF COMMODITY CREDIT CORPORATION—AMENDMENTS

Mr. CLARK of Idaho, Mr. AIKEN (for himself and Mr. LA FOLLETTE), and Mr.

EASTLAND (for himself and Mr. McCLELLAN) submitted an amendment, intended to be proposed to the bill (H. R. 3477) to continue the Commodity Credit Corporation as an agency of the United States, to revise the basis of annual appraisal of its assets, and for other purposes, which were severally ordered to lie on the table and to be printed.

ADDRESS BY SENATOR PEPPER TO MASSACHUSETTS DENTAL SOCIETY

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an address prepared by Senator PEPPER and, because of the illness of Senator PEPPER, read by another at the annual winter educational meeting of the Massachusetts Dental Society, at the Statler Hotel, Boston, Mass., January 26, 1944, which appears in the Appendix.]

THE TRUTH ABOUT THE SOLDIER VOTE—ADDRESS BY SENATOR KILGORE

[Mr. LUCAS asked and obtained leave to have printed in the RECORD a radio address entitled "The Truth About the Soldier Vote" delivered by Senator KILGORE, which appears in the Appendix.]

PIPE LINE IN MEDITERRANEAN AREA—ARTICLE FROM BALTIMORE SUN

[Mr. MOORE asked and obtained leave to have printed in the RECORD an article entitled "Ibn Saud Expected to O. K. Oil Line," published in the Baltimore Sun of February 8, 1944, which appears in the Appendix.]

MECCA KILLING STIRS ARAB ROW—ARTICLE IN WASHINGTON TIMES-HERALD

[Mr. MOORE asked and obtained leave to have printed in the RECORD a United Press dispatch entitled "Mecca Killing Stirs Arab Row," published in the Washington Times-Herald of February 8, 1944, which appears in the Appendix.]

WHAT AMERICA CAN HAVE—ADDRESS BY THE VICE PRESIDENT

Mr. GUFFEY. I ask unanimous consent to have printed in the body of the RECORD an address on the subject What America Can Have, delivered by the President of the Senate, the Vice President of the United States, at San Francisco, Calif., Monday, February 7, 1944.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

At Los Angeles I sketched briefly what America wants. Here at San Francisco I propose to describe what we can get if we really want it badly enough to plan and work for it.

Before mentioning the many fine things we can have, I want to do what I can to kill the myth that the gigantic war debt will stand in our way. We can pay the interest on this debt and have a standard of living at least 50 percent higher than in the decade of the thirties. With reasonably full employment, we can have a national yearly income of more than \$130,000,000,000. We can produce \$170,000,000,000 of goods and services annually. This is no dream, for in 1943 we produced more than \$190,000,000,000 of goods and services. With such an income, we can carry the interest on our war debt and still have a whole lot more left over than we had at the top of the boom in 1929. The interest charge on all debts, private and Government, in 1944 will represent only 7 percent of our national income, or no more than in the decade of the twenties.

But if we allow the thought of the national debt to scare us, it will hang as a millstone

around our necks and we shall all be sunk in a sea of unimaginable difficulties. There is just one way to treat the war debt, and that is to remember that it can be carried easily if all of us are able to work hard and to use our natural resources and human skills to the maximum. The goods produced when we work hard and are fully employed will find a market if we raise our standard of living by 40 percent. We can enjoy the things we have always wanted and thereby create such prosperity that we can carry the national debt easily; or we can pinch and save and bring on a depression, and let the national debt crush us. Farmers, workers, and businessmen can all prosper provided they are all willing to cooperate with each other and with Government in furnishing the American people the things they ought to have, and then in buying and using the things that are offered for sale.

The important point now is to tell the American people about the things they can have 2 or 3 years after this war is over. We mustn't take no for an answer. The more we insist on getting the right kind of goods, the more of a market there will be for all of us. There is just one proviso. We can't afford to demand things that will hurt the welfare of the American consumers as a whole. Farmers, workers, and businessmen can't afford to cut each other's throats.

Now let's talk about these things we can have, things over and above a new car and new radio, things that it is our duty to have if this American civilization is to grow and go forward. First, there is health. The people of the United States would be at least 30 percent more efficient if they were in maximum good health. They would then be effective to a ripe old age, instead of often half effective only to middle life. Two generations ago in the United States every city dweller had to boil drinking water or run the risk of dysentery and typhoid. We cut down the death rate enormously when we made it possible for the people in the cities to get safe drinking water at a modest cost. At even less cost than for clean drinking water we can see that liberal dosages of vitamins are added to the flour and cornmeal, thus wiping out at one stroke the vitamin deficiencies which undermine the health and vigor of so many millions of our citizens, especially those who are past 40 years of age. At a cost of \$2 per year per person it would be possible to wipe out all vitamin deficiency diseases, extend the working life of the average individual 10 years, and, of course, increase the vigor of at least half of our population. Any intelligent person operating in the United States for profit would undoubtedly spend at least \$250,000,000 a year for vitamins. By so doing he could get his money back in increased output 10 times over the very first year.

Second to good and plentiful food I would put good and plentiful hospitals. With more hospitals adequately equipped and staffed, combined with a common-sense public-health program, we can stamp out tuberculosis, syphilis, and possibly malaria. Everyone in the United States ought to have an annual physical check-up and have the privilege of going to a hospital if a competent doctor thinks it necessary. If it is wasteful to let a soldier go without proper medical service, it is just as wasteful to let any American be sick for lack of proper medical attention. We ought to be spending 4 times as much on hospitals and doctors and nurses as we are now spending and we should be getting at least 10 times as much good out of the medical profession as we are now getting.

After good health, and closely allied to it, I would put good housing. Most of the houses of the United States are out of date and seriously run down, especially on the farms. Governmental housing authorities,

both in England and the United States, have learned a lot about cheap, good housing during the past 5 years. With money available at low rates and with various types of monopoly rackets eliminated, both government and private industry can build good houses at amazingly low cost. Prefabrication will play its part in bringing the cost down. As soon as we have settled down after the war we should build at least a million houses a year until such time as we have completely modernized ourselves. Ten years from now we shall find that struggling along with an old house is like tinkering with an old car, which every few weeks runs up an expensive garage bill. When the house of the future is perfected as it can be, it will be possible for the housewife to do her cooking, cleaning, and marketing with one-third the labor which she now expends.

Next after housing I would list rural electrification. We can furnish electricity to every house in the United States except in those exceptional areas where the population is thin and the distances between farms are too great. With electricity practically everywhere, three-fourths of the housewives should have not merely electric refrigerators, but also quick-freeze or deep-freeze machines to carry garden stuff and meat over from the time of seasonal plenty to the time of scarcity. Electricity widely spread, combined with good roads, cheap automobiles, and small farm machines, will result during the next 10 or 20 years in millions of families relocating on small acreages within driving distance of the factory or business where the man of the house works. Fifty years ago the slogan, "Ten acres and liberty," was a trap which made fools out of most of those who fell for it. But today, with all the conveniences which rural electrification and good roads make possible, 5 or 10 acres can furnish an enjoyable and profitable outlet for the energies of a growing family. Sunshine and fresh air, combined with good milk and eggs and the vegetables and fruits which can be preserved the year around, will make the small farm a joy forever to all of those who have any instinct for the soil and the living plants and animals which grow upon it. Rural electrification, and the inventions which naturally go with it, will hasten the march of the common man back to the country and nature. It will restore to the family much of the significance which it had a hundred years ago. A small farmer who works most of the time in town can, with the help of his family, produce more than half of the food which he eats. He can also have a little in the way of vegetables, eggs, and milk to sell. Small, part-time farming near a city which has been growing in importance for the past 30 years can become so important by the year 1975 as to be one of the significant balance wheels of the Nation.

So far as farmers generally are concerned, there are great things ahead provided we can avoid a serious slump by having full employment in the Nation at large. The future farm economy can easily feed the 50,000,000 undernourished people better, provided they are well employed. Heretofore these people, except during a time of war, have never had enough to eat for the simple reason that they couldn't earn enough to pay for it. The biggest single marketing problem in American agriculture is to make sure that these people earn enough so that they can afford to buy the right kind of food. When the unusual European demand stops, as it probably will within a few years after the war comes to an end, it is important that these undernourished people come into the market with more and more demand, and money to pay for what they want.

Technologically, the farmers will benefit from many new devices. In the West there

must be more and more land brought under irrigation until all of the surplus water is utilized. Maximum water storage, both for irrigation and for power, will be needed if the Far West is to support the vast population which her manifest destiny so clearly foretells. Nothing must stand in the way of this destiny because it is the destiny of the United States itself to look as much toward the Far East as it now looks toward Europe. I well remember in 1909 sitting in Sacramento with W. A. Beard, the California member of Theodore Roosevelt's Country Life Commission, speculating as to what would have happened if the Pilgrim fathers had landed at Golden Gate instead of at Plymouth. A New Zealander was saying to me the other day that some day San Francisco will contain as many people as New York City. I can hear the tramp of the coming millions as they move in to fulfill the destiny of the West.

Perfect types of tractors and ground tillers are certain to come into use after this war. New fertilizers, new varieties of crops, new methods of feeding and perfected methods of soil conservation will be perfected. The revolution in agriculture which started with improved farm machinery three or four generations ago and with the discoveries of the experiment stations two generations ago will proceed with accelerated pace. The ability of one farm family in the United States to feed itself and four families in town is the strength of our great Nation both in war and in peace. This efficiency must and will be further improved. The only thing which can stand in the way of it is unemployment long continued in the cities, for the two indispensable halves of prosperity are growing efficiency matched by growing markets.

Next after improved health, universal electrification, and improved agriculture, I would list as a sound business proposition better schools, especially in rural America. Our children can grow up to improve and enrich this Nation only if they have good food, good schools, and good direction. We need more and better schools, more and better teachers. We need and can have Federal aid for those sections of the country where, because of poverty, the school system is lagging. The poor, agricultural regions are rich in children whereas the rich city wards are poor in children. Therefore, the children and the grandchildren of the poor have a significance far greater even than their own ancestors would have dared hope. The prevention of youth erosion is more important than the prevention of soil erosion. It is even better business to stop youth waste than to stop soil waste. Educational opportunities for young people must come first; but, as the Scandinavians discovered, improved adult education is a tremendous additional asset for any nation.

The 10,000,000 families at the bottom of the pile in the United States have demonstrated during the past 2 years that they can do good work, provided they have enough to eat and the opportunity to get good training. The salvation or damnation of the United States depends in considerable measure on how efficiently we can keep these people at work. If they are kept at work at good wages, they can furnish an annual market for at least \$15,000,000,000 worth of goods and services. If these people are at work, they will buy something like a million cars a year from the automobile market. The women folks of these families, if they have the money, will buy nearly 2,000,000,000 worth of clothing and household furnishings. If they can be assured of steady jobs, these 10,000,000 poorest families will furnish a market for at least 100,000 new homes every year. Also we shall have, instead of human waste and misery and burdensome charity, 10,000,000 busy, hopeful, forward-looking families.

People talk about acres of diamonds or gold mines in the back yard. The real gold mine in our national back yard is the 10,000,000 poorest families who, before the war, bought only about \$5,000,000,000 worth of stuff a year, but who can easily furnish a market for fifteen billion, if they are given opportunities in the post-war period.

When I talk at Seattle the day after tomorrow, I shall have something to say about how these people can be put to work. Tonight I am only saying that they can and must be given jobs. Their productivity, the size of the market which they can contribute to our businessmen and the health and education of their children mean too much to the rest of us to be neglected.

We can and must give our poorer people a chance to work productively if we are as serious about total peace as we have been about total war.

Most of the new goods and services we want after the war can be supplied by private enterprise. Some of the services will have to be supplied through public works which too are a source of employment.

Every township, every county, and every city in the United States should list both the private enterprise and the public works projects which it would like some day to have. Provided they have fundamental merit we can have eventually all the things that make for a high standard of living—good roads, airfields, flood control, parks, recreational projects, conservation and planting of forests, conservation of wildlife, conservation of soil, regional T. V. A.'s and all that vast multitude of things which the Government can do and which no individual can. All of these activities are self-liquidating from a long-run national point of view. They should be carried on in all years except when there is danger of inflation or shortage of labor.

The greatest economic sin is waste of human labor. In the decade of the 30's waste of human labor deprived this country of \$200,000,000,000 of goods we might have had, or more than the war has cost us to date.

The greatest threat to a balanced budget is unemployment. Unemployment is the one thing that can break all of us. A would-be statesman who, in the name of budget-balancing, costs a million people their jobs will cost the national income \$2,000,000,000 a year. That is a lot to pay for a few wrong ideas. The problem of budget-balancing is first of all one of keeping people fully employed producing efficiently the things we want. We have the people and the resources and the technical know-how to produce more than we ever dreamed we could. But we must have also the management know-how at the statesmen's level to keep these sources of wealth fully employed. Without that know-how our economy will be as helpless as the Army and Navy would be without a General Staff. Then the budget can be balanced and the national debt can be kept under control. No such results can be hoped for if we drift into a kind of unemployment by default. You can't beat something with nothing; we can't beat unemployment with anything but positive programs aimed at full employment.

There will be one great test of statesmanship after the war, and that is: Our ability to maintain the maximum useful employment over a long period of years, and at the same time preserve our democratic liberties. I say to the people of America that we will win the peace only if we keep the people of our country at work—in freedom, in the increased production of goods that promote the public welfare and give us an opportunity to enjoy life and educate our children. We have proved that in war when our will is roused to a great purpose, we can put forth efforts and rise to levels of national pros-

perity beyond anything in our history. We have found the leaders in government, in business, in agriculture, and labor who together with the millions in every walk of life have revealed our great productive power. In peace, when we are free of the terrific waste of warfare, we can devote our will and our efforts to improving our country and again we can hope to attain results beyond anything we ever had previously hoped.

We can, if we will all cooperate, produce more peacetime goods in 1954 than we did of total goods in the war peak year of 1944. The Nazis say that only war can call forth a supreme effort. I say that the challenge of peace is even greater than that of war and that we can and must measure up to it in terms of increased productivity and vital living.

TAX SIMPLIFICATION

Mr. TOBEY. Mr. President, many of the Members of the Senate will recall the colloquy which took place the other day between the Senator from Wisconsin [Mr. WILEY] and the distinguished chairman of the Finance Committee, the Senator from Georgia [Mr. GEORGE], on the matter of the simplification of the tax returns of the citizens of this country. This subject comes very close to all of us who represent the people, and my office, as, doubtless, the offices of all other Senators, has been besieged by letters complaining about the complications and incongruities of the present tax-return form.

Representative FRANK CARLSON, of Kansas, has introduced in the House of Representatives House Joint Resolution 211, which is now pending, providing for the appointment of a committee to be composed of four members of the Finance Committee of the Senate, four members of the Committee on Ways and Means of the House, and one member to represent the public, and one member to represent labor, who will report back to Congress not later than September 15 a simplified form of taxation.

In addition thereto he has, with competent help, prepared a bill which has been introduced (H. R. 4040) providing for a new and simplified tax form, and as one who feels the need of it, as undoubtedly all my colleagues do also, I commend what he has done. I know he has had the assistance of men well qualified to deal with such matters.

This morning there came to my attention an article published in the Washington Post of even date entitled "Tax Simplification," with the subheading "Direct congressional action," written by John R. Beal, and dealing with the general subject of tax simplification. I ask unanimous consent to insert the article from this morning's Post at this point in my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

TAX SIMPLIFICATION

(By John R. Beal)

DIRECT CONGRESSIONAL ACTION

Some 50,000,000 persons are facing the task of filling out the most complicated tax returns in history by March 15. It's safe to assume we don't need a Dr. Gallup to figure out whether these taxpayers are in favor of simplifying the job. Congress has under-

taken serious consideration of it. What are the prospects?

With respect to the March 15 returns, of course, no relief is in sight. They are on 1943 income, to be checked against estimates and payments made last year. They are extra-complicated because we are still in the process of transition to pay-as-you-go. It's expected that the Bureau of Internal Revenue will do what it can to ease the burden by postponing for a month the requirement of filing an estimate of 1944 income.

There are three main divisions to the job of tax simplification. The first involves making the arithmetic easier for individuals; the second, clearing up complexities for corporations; the third, simplification of estate and gift taxes. If Congress gets down to business and doesn't become too preoccupied with politics, it can quickly accomplish much on the first portion of the task.

The new tax bill, in eliminating the earned income credit for individuals, takes a forward step. By using the same base against which to assess normal taxes and surtaxes, it permits use of a form on which most persons will have one less tax calculation to make.

For the future, Representative FRANK CARLSON, of Kansas, original legislative sponsor of the Ruml pay-as-you-go principle, has pointed the way with a bill based mainly on what the Treasury recommended last year. CARLSON's sponsorship of the administration program represents constructive tax statesmanship, and there is evidence that some reversal of sentiment has occurred since the program was rejected in connection with the new revenue bill.

CARLSON's bill embodies five features:

1. It provides one tax on personal incomes, with a single base and a single set of rates and exemptions. This means repealing the Victory tax, eliminating an estimated 9,000,000 taxpayers from the roll of those contributing to the Government during wartime. But the group which pays nothing but the Victory tax contributes only 1.76 percent of the total revenue. That loss—\$300,000,000—could be made up by reducing the exemption for married persons from \$1,200 to \$1,100 and adjusting surtax rates upward about 3 points. The question is: Are the remaining 41,000,000 taxpayers willing to pay this added cost for easier tax computations?

2. The bill eliminates the requirement of returns for those whose liability is substantially covered by withholding. The Treasury probably would oppose this provision, on the ground that returns would be needed as a check.

3. It extends to taxpayers with incomes up to \$5,000 the privilege of using the relatively simple short return, now limited to the bracket up to \$3,000.

4. It simplifies both the short and long form of returns for individuals. It is in the forms and not the law's language where complications beset the individual.

5. Finally, the bill permits taxpayers to revise their income estimates on January 15 after the close of the taxable year, thus eliminating all possibility of penalty for underestimating income.

Simplification is a matter of degree. Graduated withholding, keeping the great mass of taxpayers substantially current in their obligations to the Government would extend the process still further and go about as far as is practical. Simplification in the highest brackets would affect relatively few individuals and might create many inequities.

Untangling corporation tax complexities is a totally different problem, and estate and gift taxes pose equal difficulties. One obvious first step on corporations would be to eliminate the capital stock and declared value excess-profits tax. Corporations can hope for little substantial relief during the existence of the separate wartime excess-profits tax.

Simplifying levies like the corporation taxes and those on capital gains probably require spade-work study by a commission of experts. But individual tax computations can be made easier now by direct congressional action.

TRIBUTE TO THE LATE WILLIAM ALLEN WHITE

Mr. CAPPER. Mr. President, I returned to Washington a few days ago from a sad mission to Kansas, where I attended the funeral of a very dear friend who also was one of the great men of his time—William Allen White, of Emporia. I feel a deeper sense of personal loss in the passing of William Allen White than I can express in words.

For more than a half century Bill White and myself were bound together in a relationship that was very dear to me. Both of us had been Kansas newspapermen. Both of us had made incursions and excursions into related fields of public endeavor and service for nearly 60 years. I first met him a few years after I was graduated from high school in Garnett, Kans., and had become a typesetter and then a reporter on the Topeka Daily Capital, a daily newspaper of which I am now the publisher.

During all these years William Allen White and I understood each other so well, and loved each other so much, that we could, and at times did, disagree strongly on matters of high public policy without in the slightest degree marring or distorting our personal relations.

He was one of the few men I have known in a fairly long lifetime whose head and heart never lost the clarity and enthusiasm, the resiliency and freshness of youth. In all the years that we were friends and associates—and at times of opposing views—I never observed in him any of the signs of "closed mindedness" that often comes as the years roll by.

Will White's arteries may have hardened; his heart and soul never did. He granted to every friend—and to all men, for that matter—the right to be wrong without impairing their relations to himself. If he ever hated any person, I never knew of it. If he ever failed to hate any wrong, I never knew of that. He was a grand and glorious fighter, as well as one of the greatest editors, writers, and leaders of thought of his day and generation.

I might add that he asserted for himself the same right to be wrong that he granted to others, and never hesitated to exercise that right against all comers. He was a man—and a friend—in a million; aye, in a hundred million.

I mourn his passing, but at the same time I rejoice in his having lived, and in the way he lived, and in the many good and kindly, as well as in the great and the near-great, things that he did during a long and happy and very useful life.

His death a few days ago in Emporia, where he was born and lived and worked and inspired to higher ideals his readers over all the world, was a sad blow

to me, to his friends in Kansas, to the Nation, and to the world.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks, the eloquent and well deserved tribute to Mr. White, delivered at the funeral services in Emporia, Kans., on January 31, 1944, by Mr. Henry J. Haskell, the able and brilliant editor of the Kansas City Star.

There being no objection, the tribute was ordered to be printed in the RECORD, as follows:

We are met here this afternoon as the friends of William Allen White to show our respect and affection. We are met in a chapel that seems empty without him. Yet in a larger sense this chapel is not empty. It is crowded with memories that are more than memories—with enduring achievements that live on in the generation that he touched and moved and influenced.

"When we met him in person or on the printed page, we came like Bunyan's Pilgrim to the Interpreter's house. For primarily he was a great interpreter of life—of the human comedy or tragedy that passed before him. Interpretation was his technique. He was a preacher of righteousness, of sane and wholesome and unselfish living. But he preached largely by revealing to us our own hearts and the hearts of others.

I recall the thrill that came to me long ago when I first read his tales of the high plains—the story of drought stricken Aqua Pura and the little girl of 3 who looked up into the old man's eyes and asked, "What is rain, Mr. Barringer?"

BOOK LIFTED SPIRITS

And the Home Coming of Colonel Hucks, and the rest. Then I began to understand something of the cost of the winning of the West. A Certain Rich Man broadened our experience—and built the Gazette office, as well. Our spirits were lifted by that gay book the Martial Adventures of Henry and Me but in it we caught illuminating glimpses of the meaning of the war.

In his Woodrow Wilson he analyzed the achievements and failures of the Idealist. Masks in a Pageant was a keen diagnosis of the trends of recent American history. Do you remember its significant chapter headings? "The Old Kings"—Croker and Platt; "The Early Stuarts"—Harrison, Grover Cleveland, McKinley; "The Warwicks"—Hanna and Bryan; "The Great Rebellion"—Theodore Roosevelt, Taft, and Wilson; "The Restoration"—Harding and Coolidge? What a world of meaning there is in each of these titles. And finally we got fresh insight into the roaring insanity of the boom era from that penetrating study of Coolidge, A Puritan in Babylon.

It was difficult for anyone reading these books to escape being influenced by the light they threw upon the actors in the world in which we live.

BOOKS ONLY A SIDE ISSUE

But these many books, important as they were, were only a side issue with him. They represented his avocation. His vocation was journalism, which involved not only the life about him, but excursions far afield into national and international affairs.

First of all, he was editor of the Emporia Gazette, and the Gazette office was the springboard for all his work. It was as editor of the Gazette that he first skyrocketed to fame with his editorial, What's the Matter with Kansas? It was as editor of the Gazette that he was accepted into that world-wide club of the newspaper clan. It was as editor of the Gazette that he won the Pulitzer prize and that he attained the honor

that perhaps he valued most, the presidency of the American Society of Newspaper Editors.

In his last illness it was confided to him that he was to receive the unique distinction of a gold medal from the society. His comment was that nothing could gratify him more because it was recognition from the men who knew him best, the men of his chosen profession.

HIS EDITORIALS UNIQUE

I suppose that his most lasting contribution to American letters—if it is not his forthcoming autobiography—will be found in the editorials collected in the two volumes, *The Editor and His People*, and *Forty Years on Main Street*. In these editorials all his rare qualities had free play—his exuberance, his humor, his quaint ways of expression, his kindness, his sympathy, his independence, his courage. Nobody in the world but Bill White could have written them.

Consider a sample. In 1926 Tom Taggart, king of the French Lick resort, sued Edna Ferber for mentioning his name in connection with gambling. The *Gazette* came out with an editorial headed "Sir Galahad," nominating Taggart for the Camp Fire Girls' medal. "And the author," it continued, "who so meanly insinuates that Tom knows a white chip from a red one should get the punishment she so richly deserves. As everyone knows, Tom Taggart holds the Epworth League 1926 championship for drop-the-handkerchief and was the 1922 cup winner in post office."

And do you recall his answer to Lady Asquith's inquiry to some New York reporters, "What is Kansas?" "Kansas," wrote the *Gazette* editor, "is the Mother Shipton, the Madame Thebes, the Witch of Endor, and the low barometer of the Nation. When anything is going to happen in this country it happens first in Kansas. * * * There is just one way to stop progress in America, and that is to hire some hungry earthquake to come along and gobble up Kansas. But say, Margot, listen. That earthquake would have an awful case of indigestion for two or three epochs afterward."

In another vein, take his editorial on the death of Woodrow Wilson:

"God gave him a great vision,
The devil gave him an imperious heart.
The proud heart is still,
The vision lives."

And speaking of editorials, we cannot forget that American classic, *Mary White*, which already has been reprinted in the anthologies of American essays.

INTO BROADER FIELDS

His *Gazette* editorials introduced him into broader fields. The qualities that inspired them made him first a State and then a National figure. Kansas was proud to be represented by William Allen White at national conventions even if, as at Chicago in 1920, he strayed away with a few kindred souls after Hoover instead of going along with the rest for Harding.

Theodore Roosevelt proved a formative influence in his life as well as in the life of many others. Something essential in his make-up responded to the American liberalism of Roosevelt, and he went off in the wild and glorious adventure of the Bull Moose movement. It was this liberalism that found expression in his revolt against the intolerance of the Ku Klux Klan and led him to his sole excursion as a candidate for office when he ran for Governor. Who shall say that his great campaign for political decency did not produce a lasting effect on his State?

It was in keeping with the pattern of his life that he gave himself to arousing his apathetic countrymen to their danger by organ-

izing the Committee to Defend America by Aiding the Allies. The sentiment that he mobilized contributed powerfully to changing the neutrality laws so we could sell arms to the democracies. And finally it was on his suggestion that the superb trade was made that gave hard-pressed England the 50 over-age destroyers in return for the Atlantic bases.

INFLUENCE ON BRITISH

Englishmen have expressed to me their surprise that a man from far-off Kansas should have been such a factor in the salvation of the British Commonwealth and the cause of civilization itself. They could not know the long years of work that had brought this Kansas editor to his position of influence in American life.

Behind all his work was the personality of the man. He was a great human being—great in intelligence, in understanding, in courage, in zest. Life to him always was a glorious adventure. "I never have been bored an hour in my life," he wrote on the occasion of his sixty-fifth birthday. "I get up every morning now wondering what new, strange, gorgeous thing is going to happen, and it always happens at fairly reasonable intervals. Lady Luck has been good to me. I fancy she is good to everyone, only some people are dour, and when she gives them the come-hither with her eyes, they look down or turn away and lift an eyebrow. But me, I give her the wink and away we go."

A PART OF HIS THINKING

Lady Luck certainly smiled on him a half century ago when she brought him Sallie Lindsay. As all who know the Whites will bear witness, his wife became an essential part of his personality. What the world knew as William Allen White was a composite figure made up of Will and Sallie. She made her indispensable contribution to his thinking, to everything he did. Her taste, her grace, her intelligence, infused his entire career. To visit in their home was to be lifted to a new level of experience.

We of William Allen White's generation, who felt the impact of his influence, cannot think of him as having left us. For he has gone to—

"Join the choir invisible
Of those immortal dead who live again
In minds made better by their presence; live
In pulses stirred to generosity
In deeds of daring rectitude, in scorn
For miserable aims that end with self,
In thoughts sublime that pierce the night
like stars
And with their mild persistence urge man's
search
To vaster issues."

This search to vaster issues is our heritage from William Allen White.

EXTENSION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (H. R. 3477) to continue the Commodity Credit Corporation as an agency of the United States, to revise the basis of annual appraisal of its assets, and for other purposes, which had been reported from the Committee on Banking and Currency with an amendment to strike out all after the enacting clause, and to insert the following:

That section 1 of the act approved March 8, 1938 (52 Stat. 107), as amended, is hereby amended by deleting from the first sentence thereof the term "31st of March" where that term first appears therein and substituting in lieu thereof the term "30th of June," and by deleting from the second sentence thereof "on the basis of the cost, including not

more than 1 year of carrying charges, of such assets to the Corporation, or the average market prices of such assets for a period of 12 months ending with March 31 of each year, whichever is less" and inserting in lieu thereof "on the basis of the cost, or, insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower." The first appraisal of the assets and liabilities of the Commodity Credit Corporation on the basis established by this amendment shall be made as of June 30, 1944.

SEC. 2. Section 7 of the act approved January 31, 1935 (49 Stat. 4), as amended, is hereby amended by changing the designation thereof to section 7 (a); by striking out in the first sentence of such section "February 17, 1944" and inserting in lieu thereof "June 30, 1945"; and by striking out the period at the end of such section and inserting in lieu thereof a colon and the following: "Provided, however, That the Corporation shall at all times maintain complete and accurate books of account and shall determine the procedures to be followed in the transaction of the corporate business.

"(b) The financial transactions of the Corporation beginning with the period from July 1, 1944, shall be audited by the General Accounting Office in accordance with the principles applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States: Provided, That the Corporation shall continue to have the authority to make final and conclusive settlement and adjustment of any claims by or against the Corporation or the accounts of its fiscal officers: Provided further, That a report of such audit shall be made to the Congress, together with such recommendations as the Comptroller General may deem advisable, and that each such report shall cover a period of one fiscal year: Provided further, That a copy of each such report shall be furnished the Secretary of the Treasury and that the findings contained therein shall be considered by the Secretary in appraising the assets and liabilities and determining the net worth of the Corporation under sections 1 and 2 of the act of March 8, 1938 (52 Stat. 107), as amended: Provided, however, That nothing in this section shall be construed as modifying legislation authorizing the use of funds of the Corporation for administrative expenses and requiring accountability therefor.

"(c) The expenses of the audit as provided in this section may be paid up and including June 30, 1946, from moneys advanced therefor by the Corporation, or from any appropriation or appropriations for the General Accounting Office, and appropriations so used shall be reimbursed promptly by the Corporation as billed by the Comptroller General: Provided, That any such advances of reimbursements shall be considered as non-administrative expenses of the Corporation. For the purpose of such audit the representatives of the General Accounting Office shall have access to all papers, books, files, accounts, financial records, warehouses, and all other things, property, and places belonging to or under the control of or used or employed by the Corporation and shall be afforded full facilities for verifying transactions with the balances in depositaries and with fiscal agents: Provided further, That the certified financial reports and schedules of the fiscal agents of the Corporation based on commercial audits in the usual course of business may be accepted by the General Accounting Office in its audit of the financial transactions of the Corporation as final and not subject to further audit verification.

"(d) Any examination of the corporate records shall be made at the place or places

where such records are normally kept in the transaction of the corporate business, and the Corporation shall retain custody of contracts, vouchers, schedules, or other financial or accounting documents, either original or duplicate, relating to its nonadministrative transactions."

Sec. 3. No funds appropriated to, borrowed by, or in the custody or control of any governmental agency (including any Government-owned or Government-controlled corporation) shall be directly or indirectly used by or made available to the Commodity Credit Corporation or any other governmental agency (including any Government-owned or Government-controlled corporation) to make any subsidy or other payment, or to pay or absorb losses, on any agricultural commodity or any commodity processed or manufactured in whole or substantial part therefrom, including milk and livestock and the products thereof, either to reduce or maintain, or in lieu of increasing, maximum prices established on such commodities, except as provided in section 4 hereof: *Provided*, That with respect to any such commodities for which programs involving such payments or losses have been announced on or before October 13, 1943, such programs may be carried out to the extent only that funds are available for such purpose under existing law, but winding up and liquidating such programs shall proceed after the date of enactment of this act, and shall be completed within a reasonable time not later than June 30, 1944: *Provided further*, That support prices shall continue to be maintained and announced for any such commodities pursuant to section 4 of Public Law No. 147, approved July 1, 1941, as amended, and loans shall continue to be made pursuant to section 8 of Public Law No. 729, approved October 2, 1942, but any maximum prices heretofore or hereafter established for such commodities shall not be below the support prices therefor or below the prices specified in section 3 of Public Law No. 729, approved October 2, 1942: *Provided further*, That none of the foregoing provisions shall apply to any payments or losses incurred in transactions with respect to competitive domestic vegetable oils and fats and oil seed and oil seed meals: *And provided further*, That nothing herein shall be construed to prevent the making of parity payments, soil-conservation payments, or benefits to sugar growers authorized under title III of the Sugar Act of 1937, as amended, or the sale of feed wheat as authorized by existing law.

Sec. 4. The Commodity Credit Corporation may sell at a loss perishable fruits or vegetables, owned or controlled by it, the increased production of which has been requested by the War Food Administrator, if there is danger of substantial loss through deterioration by spoilage.

Sec. 5. The first sentence of section 4 of the act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended by striking out "\$3,000,000,000" and inserting in lieu thereof "\$3,250,000,000."

The ACTING PRESIDENT pro tempore. The question is on agreeing to the committee amendment.

Mr. BARKLEY. Mr. President, may I engage the attention of the Senate for a moment? We are about to embark upon the consideration of the subsidy bill, which has been reported from the Committee on Banking and Currency. There will, no doubt, be various amendments offered to that measure during its consideration and before final completion. I simply want to urge all Senators to remain in the Chamber so as to save

time in the matter of calling rolls. I doubt very much if there is any new phase of the subject which can be discussed which has not already been threshed out time and time again in the Senate and in the House and in the country.

It is very desirable, I think, that we complete the legislation this week. It seems to me we ought to be able to conclude it within 2 or 3 days. If that is done, and we then can call the calendar and dispose of some measures on the calendar, I think we may look forward to a few days of relaxation; in other words, to be more or less at ease for a few days because of the lack of pressing legislation on the calendar.

Therefore, I hope that Senators on both sides of the Chamber will cooperate to conclude the pending legislation this week. I think it can be done if all Senators will cooperate, and that means that we ought to remain here and give our attention unreservedly to this matter until it is concluded.

Mr. BANKHEAD. Mr. President, I desire to address the Senate at this time on the subsidy phase of the bill proposing to extend the life of the Commodity Credit Corporation.

There has been a great deal of misunderstanding about the provisions and the objectives of the pending bill. The impression prevails in some quarters that the purpose of the bill is to eliminate and prohibit all subsidies. That is not true. In the first place, the bill deals only with food subsidies. There is the same misunderstanding on that subject. The bill does not seek to eliminate and prohibit all food subsidies. It provides that neither the Commodity Credit Corporation nor any other Government agency shall use Government funds to make any subsidy or other payment or to pay or absorb losses on any agricultural commodity or any commodity processed or manufactured in whole or substantial part therefrom, including milk and livestock and the products thereof, either to reduce or maintain, or in lieu of increasing, maximum prices to consumers established on such commodities under the Emergency Price Control Act, as amended. The bill then provides that where programs have been announced on or before January 14, 1944, such programs may be carried out to the extent only that funds are available for such purpose under existing law. The bill further provides that support prices shall continue to be maintained and announced for any such commodities pursuant to section 4 of Public Law No. 147, approved July 1, 1941, as amended, commonly known as the Steagall Act. That is the act providing support prices for commodities to encourage production. Provision is further made that none of the foregoing provisions in the bill shall apply to any payments or losses incurred in transactions with respect to competitive domestic vegetable oils and fats and oil seed and oil seed meals, and that nothing in the bill shall be construed to prevent the making of parity payments, soil-conservation payments, or benefits to sugar

growers authorized under title III of the Sugar Act of 1937, as amended.

The real purpose of the bill is to abolish what is commonly known as consumer subsidies, nothing more and nothing less, so far as subsidies are concerned. Other provisions contained in the bill are intended to make it clear that programs are not to be eliminated by reason of a misunderstanding or misinterpretation of the prohibition against the use of subsidies to roll back prices or to maintain prices where it is found by the O. P. A. that it is necessary for the producers to have additional pay in order to meet the cost of production and to enable them to continue adequate production.

I believe it is definitely against the best interest of the American people to engage in a widespread program of using tax money or money secured by the sale of War bonds to pay in part for the food consumed by all the people at a time when most of the civilian population has more money to spend than it has ever had before. The chief, if not the only, objective of paying consumer subsidies is to prevent increases in, and, at times, reduce the price of food. What food? The subsidy does not apply to all foods alike, neither does the rate of the subsidy. The O. P. A. Administrator selects the foods to be subsidized and the amount of the subsidy to be paid on each subsidized commodity. The subsidy plan calls for a reduction in some food prices for all people, regardless of need, in order to help those who need food price reductions. If considered from the standpoint of the advisability of aiding needy people, we should seek the same results through less wasteful procedure. If considered from the standpoint of avoiding inflation, I will point out later that it will have the opposite effect.

What thoughtful citizen can fail to view with anxiety the Government, now burdened with back-breaking loads of debts, entering upon a comprehensive food-subsidy program, especially at a time when average people have more money in the banks and in their pockets, free for spending, than they have heretofore had in all the history of this country? Does anyone believe that food subsidies will be abandoned when post-war reconversion days are here, when millions of men and women are hunting employment, when wages shrink, in line with former experiences, when the establishment of new homes confronts millions of families, including the discharged servicemen? Food subsidies in some form may then be required to prevent hunger and to relieve other dire needs. "Sufficient unto the day is the evil thereof." Let us wait until relief subsidies are needed before entering that field of large expenditures and more bureaus.

If subsidies are abandoned, ceiling prices can be used to stop inflationary increases in prices. If subsidies are eliminated, it would not result in excessive or wild inflation. The principal result would be an increase in the price of the particular goods that are under the subsidy program in an amount to correspond with the reduction in the price

that had been brought about by the use of the subsidy. Price ceilings would stop any additional increase in prices. If subsidies are abandoned, the price situation would revert to the status that prevailed before subsidies were applied. For illustration, the support price of butter was 46 cents a pound. A 5-cent subsidy paid by the Government reduced the price to the consumer to 41 cents. If the subsidy is abandoned, the price would go back to 46 cents. There was no wild inflation and no excessive burden on the consumers when the price stood at 46 cents. The chief difference is that the consumer would pay for what he eats, while under the present subsidy system the taxpayers pay for a part of what the consumer eats. Everyone naturally likes the lower of two prices for the same food; but the question arises, How long can a democracy survive when people call upon their Government for bounties and subsidies to support them when they are able to provide for themselves?

We have not heretofore during any of our wars made use of food subsidies to reduce food costs to our civilian population.

In considering inflation, the fact that it is the result of depreciation in the value of currency does not seem to receive the emphasis that it deserves. Many people think of high-priced foods as an evil, and it is; but they fail to appraise properly the cause of the disturbance in our price structure. Excessive prices result from depreciated value of the currency. Cheap money brings about high prices for goods. Cheap money is the result of lack of confidence in its ultimate redemption without loss in buying power, together with excessive quantities of borrowed money in circulation as compared with the quantity of goods for sale. When the quantity of money largely exceeds the quantity of goods for sale, the owners of money compete for the purchase of such goods as are available. That results in a contest of bidding for the inadequate supply of goods, and thereby results in higher and higher prices for such goods. When that occurs, inflation may proceed to bring about financial disaster.

In order to check the development of inflation, the cause must be treated, rather than effect. The cause is fundamental, and until it is properly treated there can be no satisfactory avoidance of the inflationary tendencies which have been produced.

We have in this country the largest volume of currency and its equivalent in our history. On the other hand, more than 11,000,000 active, strong, able-bodied young men have been withdrawn from the production forces of the country. As the circulating medium has been increasing by billions, through putting into circulation billions of dollars of borrowed money, the production of civilian goods has been steadily reduced. The gap between purchasing power and consumer goods has been and continues to be growing wider every day. A resulting

inflationary menace cannot be eliminated or very greatly reduced by holding down prices on a number of foods through the payment of subsidies. That has no tendency to reduce a dangerous inflationary gap. On the contrary, it increases it. In the same proportion that subsidy money is paid to producers and processors, the volume of circulating money, constituting the basis for inflation, is increased, and the value of currency is correspondingly depreciated. Subsidies may hold down some food prices. Depreciated currency puts up all prices. Subsidies are inflationary in that they increase the inflationary gap. Subsidies increase the national debt. Debt inflation is the most disastrous of all forms of inflation. Our national debt is now the largest in history and is soaring daily, reaching a total of \$185,000,000 on October 31, 1943, which is equivalent to \$1,204 per capita or \$4,816 for a family of 4.

Instead of relying upon "soothing syrups" in the form of putting more money into circulation through the payment of subsidies to enable consumers to buy farm commodities below the cost of production, it is necessary to engage in a major operation. It should be recognized that the menace to the value of our currency can best be removed by reducing the spread between the amount of money hunting goods to buy and the quantity of goods for sale. In my judgment, we must sooner or later resort to some additional form of taxation or compulsory bond investment as a means of withdrawing a large amount of idle money from circulation, unless the volume of money borrowed by the Government and put into circulation is greatly decreased and the quantity of goods produced is greatly increased.

It is almost inevitable that demands will be made for extending the subsidy program to other activities. Already, suggestions for subsidies on cotton clothing and on rents have been made. Requests have come from administration sources that the subsidy program for this year of \$1,100,000,000 be increased to \$1,500,000,000. The Maloney amendment pending now to the bill so provides.

Mr. President, in connection with the subject of the handling of the subsidy program and its application to various agricultural commodities, it occurs to me to tell the Senate of an incident which came to my attention when I was at home. I met a farmer whom I knew well. He told me that he was selling a good many eggs, and had been doing well with his egg program; but he said he brought his eggs in that day and the merchant told him that the price of eggs was going to be reduced 1 cent a week for some time. He said that then he tried to buy some chicken feed, and he inquired of the merchant if the price of chicken feed had also been reduced. The merchant told him no. He said, "Senator, I do not think that is right. They ought to put the 'subside-y' on the price of chicken feed and bring it down as much as they bring down the price of eggs." [Laughter.]

One of the soundest and best ways to overcome high agricultural prices is the application of the fundamental trade law of supply and demand. The people have an overabundance of buying power, and those having it have manifested a desire to exercise it. The shortage in supply, as manifested by the necessity for the rationing program, deserves active attention. The large quantity of food bought by Lend-Lease and shipped out of this country has created an abnormal drain upon the normal supply and has thereby added a heavy inflationary factor. We cannot abandon that form of aid to our allies unless the danger of inflation from shortages in production demands it. It is appropriate to point out that the exportation last year of 11 percent of our entire food crop through Lend-Lease and the resulting reduction in our available food supplies constitute a major factor in bringing about inflation. The quantity of agricultural commodities removed from this country is the equivalent of a reduction to that extent in production. The Department does not yet know what amount will be required for Lend-Lease and other relief agencies this year, or what percentage of the food crop will be required, but that is a factor of major consideration which sooner or later we may be required to meet in some appropriate way.

We have an additional factor in the distribution in this country of foreign money sent here to be used to pay for the purchase of such agricultural commodities exported.

We cannot afford to decrease the large volume of food that goes to our armed forces. We cannot import food supplies because of lack of shipping facilities and because foreign countries are having difficulty in producing sufficient food supplies to meet their own domestic and foreign demands.

The evident answer to this complicated and tremendously important problem is to direct every available resource and effort toward increasing our production of foodstuffs. If and when we can produce more of any food commodity than is needed for our military and civilian requirements, high inflationary prices will promptly end for such commodity, unless depreciated currency has put all prices beyond control.

Some people have the idea that inflation grows primarily out of high food prices. So-called inflation which is attributed to the high price of some foods is not, in fact, inflation in its true sense. For illustration, when hogs were selling at 14 or 15 cents a pound many persons believed that destructive inflation was at hand and predicted dire disaster. As a result of an attractive support price which was announced, and appeals to farmers to increase hog production, the largest hog crop in many years was produced in 1943. A very large surplus developed and it has been and is still difficult to market the entire hog production. During the Christmas holidays I attended a meeting of farmers and O. P. A. officials, at which the subject of the marketing of hogs by the local pro-

ducers was under discussion. Numerous farmers stated that they had many hogs on hand for sale and that there was practically no market for them and that the best offer they had been able to get was 6 cents a pound. Anyone who cares to examine the report by the State director of O. P. A. in Alabama will find that statement in the report.

I am wondering what has happened to the belief that inflation was imminent as a result of the high hog prices when they are now below normal prices as a result of adequate production. How many surplus crops would it take to deflate the idea that high farm prices create dangerous inflation?

Those who think only of increase in food prices when considering the subject of inflation fail to bear in mind that the major factors in that type of increased cost of living, which is generally considered as inflation, are other than agricultural. Out of our total national income of approximately \$150,000,000,000 a year, the farmers get only about 10 percent for the sale of their entire food crops. A pamphlet recently issued by F. A. Harper and W. M. Curtiss, of the department of agricultural economics, Cornell University, on the subject Inflation Is on Our Doorstep, contains the following statement:

It is frequently charged that the rise in prices of farm products is largely responsible for the inflation we now face. Of the rise in the national income of \$49,000,000,000 from 1939 to 1942, the sharing has been:

	Total rise	Percent of total rise
Going to agriculture.....	\$5,800,000,000	12
Going to nonagriculture.....	43,200,000,000	88
Total for the Nation....	49,000,000,000	100

In other words, agriculture has been only one-seventh as much responsible for the inflation as has nonagriculture, judging from who received the money.

A fixed quantity of food now takes a smaller proportion of the pay check of the average consumer than at any time on record.

If it is true, as most economists assert, that the chief cause of inflation is the excess of income over goods for sale, then it is absolutely certain that the one-seventh which went to agriculture is, relatively speaking, a minor factor in the whole inflation picture.

Alarming predictions have been made to the effect that if the present subsidies are withdrawn there will be wild inflationary price rises, resulting in a large increase in the cost of living. Mr. Chester Bowles, Administrator of the O. P. A., opened his statement on the hearings on the antisubsidy bill before the Banking and Currency Committee as follows:

I should like to say before I start that I think it is unfortunate in one respect that the debate as I often hear it over the radio has become quite so extreme on this subject. I heard through one loudspeaker the other night that if subsidies are continued on food we will have a collapse of our American system within a few weeks. I heard through another microphone that if we didn't have

subsidies we would be papering our walls with dollar bills. I have even heard that with the subsidy program you would go to the grocery store with a small pocketbook full of money and come home with a vast basketful of groceries, and that if the bill is passed in its present form you will go out with a basket of dollar bills and come home with a purse full of goods. Now, these statements are obviously outrageous. They are ridiculous on both sides!

That is the statement of the head of the O. P. A. before the Committee on Banking and Currency.

While prices now seem high for foodstuffs as compared with prices since 1930, they are, in fact, not as high as they were during World War No. 1. On page 196 of the committee hearings will be found a table presented by Mr. Bowles showing the percentage increase in the cost of living after 50 months of war, World Wars Nos. 1 and 2.

I ask unanimous consent to have the table printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 19.—Percentage increase in the cost of living after 50 months of war, World Wars Nos. 1 and 2¹

	World War No. 1	World War No. 2
	Percent	Percent
Cost of living, total.....	56.9	26.2
Food.....	74.1	47.8
Clothing.....	95.9	32.6
Rent.....	4.0	3.5
Fuel, electricity, and ice.....	35.2	10.7
Housefurnishings.....	86.0	25.7
Miscellaneous.....	49.9	17.1

¹ World War No. 2 data show changes between August 1939 and October 1943, except for rent, where the latest available figure is for September 1943. World War No. 1 data show changes between July 1914 and September 1918 except for fuel, electricity, ice, and miscellaneous. No monthly data are available for these categories; therefore the figures show the change from the yearly average of 1914 to the yearly average of 1918.

Source: U. S. Department of Labor, Bureau of Labor Statistics.

Mr. BANKHEAD. Mr. President, this table shows that the increase in the total cost of living in World War No. 1 was 56.9 percent, while in World War No. 2 it is only 26.2 percent. It shows that the increase in the cost of living for the same length of time during World War No. 1 was more than twice what it has been during the present war.

The increase in the cost of food in World War No. 1 was 74.1 percent, while in World War No. 2 the increase is only 47.8 percent. The Bureau of Labor Statistics has adopted 1926 prices as a base for determining whether or not prices at any period are higher or lower than the accepted base. It will be remembered that the Goldsboro resolution was passed by a vote of about 4 to 1 in the House of Representatives in the early thirties, directing the Federal Reserve System to reestablish the wholesale price level of 1926. That resolution was never considered by the Senate. According to that measurement of prices, current wholesale prices are merely 3 percent above the price level of 1926. Statistics published by the Bureau of Labor Sta-

tistics show that the cost of living and the cost of food to consumers in November 1943 were slightly less than in 1926. According to the record submitted by the O. P. A., the present increase in the price of food after 50 months of war is 26.3 percent lower than it was after 50 months of war in World War No. 1. There is no such alarming condition in the present cost of food as to justify the United States in entering upon a new drastic and inflationary method of price control of foods—the subsidy plan.

The testimony of the O. P. A. as presented to the committee—and, of course, it was presented in as favorable light as the witnesses could honorably justify—shows that the increase in the cost of living would be 2.922 percent, or substantially 3 percent, and the increase in the cost of food would be 7.025 percent, if subsidies are withdrawn. No wonder Mr. Bowles commented on the extravagance and wildness of the statement that the withdrawal of subsidies would bring about dangerous inflation. The cost of living—3 percent—is the test of the total effect on the consumers. Wheat for livestock feed is estimated by the O. P. A. as representing 0.416 percent of the 2.922-percent increase in the cost of living. That subsidy is not eliminated by the bill. The increase in the cost-of-living index from removal of subsidies is thereby reduced to 2.5 percent. The estimated increase in the cost of food is correspondingly reduced.

Recently I heard the distinguished Senator from Kansas [Mr. REED] make a most powerful, effective, and convincing argument on the subject. In his speech I recall that that was substantially his judgment after careful study of the situation; namely, that the increase would be about one-half, or perhaps less than one-half, of the amount previously estimated by the O. P. A.

Mr. REED. Mr. President, will the Senator yield?

Mr. BANKHEAD. I should rather not yield. I have asked each Senator who has requested me to yield to allow me to complete my address.

Mr. REED. I beg the Senator's pardon. I had not known that.

Mr. BANKHEAD. There is no Senator to whom I would rather yield than the Senator from Kansas.

It is urged by highly responsible students of the subject that the O. P. A. figures are excessive and that the correct figures are about one-half as high as the ones presented by O. P. A. officials.

According to a table prepared by the American Farm Bureau Federation, based on information from the Bureau of Agricultural Economics and the Office of Economic Stabilization, and inserted in the committee hearings on page 41, the effect of the subsidies on daily food costs is 2½ cents for individuals, and 11 cents for a family of four.

I ask unanimous consent to have the table printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Estimated effect of subsidies upon the daily food costs for a family of 4 persons

Product	Amount of subsidy per unit ¹	Estimated annual civilian consumption per capita for 1943 ²	Effect on daily food cost for a family of 4 ³
			Cents per day
Butter.....	5 cents per pound.	13.0 pounds.....	0.71
Cheese.....	4 cents per pound.	4.9 pounds.....	.22
Milk.....	1 cent per quart.	180.5 quarts.....	1.98
Meat.....	3 cents per pound.	124.0 pounds.....	4.08
Bread.....	1 cent per loaf.	92.5 loaves.....	1.01
Sugar.....	1 cent per pound.	75.0 pounds.....	.82
Vegetables.....	3.5 cents per No. 2 can.	19.2 No. 2 cans.....	.74
Potatoes.....	1 cent per pound.	131.0 pounds.....	1.44
Amount per day for a family of 4.			11.00
Amount per day per individual.			2.75

¹ Based upon or calculated from information released by the Office of Economic Stabilization.

² Based upon data published by the Bureau of Agricultural Economics, U. S. Department of Agriculture.

³ Calculated by multiplying the amount of the subsidy by the annual per capita consumption, then multiplying by 4 and dividing by 365.

NOTE.—The food subsidy program as now being applied by the Government amounts to about 11 cents per day for a family of 4 persons, or 2½ cents per day per individual. Butter subsidies of 5 cents a pound amount to about 65 cents per year per person. A bread subsidy of 1 cent per loaf would amount to less than \$1 per year per person. The present consumer subsidy program amounts to around \$10 per year per person.

Mr. BANKHEAD. Anyone who wants to confirm the statement can take the population of the country and the amount of the subsidy and soon compute the amount per person.

Thus, if the entire food subsidies are withdrawn, it would mean an average increase in food costs of only 11 cents per day for a family of four. Some consideration should be given to the fact that hard workers require more food than those who do not engage in active physical work, and in estimating the effect of the subsidies we should bear in mind that this allowance applies only to the worker in the family. It should also be borne in mind that food costs represent only 19 percent of the income of the average consumer, which is the lowest percentage on record.

The argument that the abandonment of the roll-back consumer subsidies would be unduly burdensome on the consumers and would generate inflation, is a speculative prediction by those who want to retain subsidies. These subsidies were put into effect within the last 7 or 8 months, one of the large ones—milk—about December 1. There has been no noticeable reduction in the cost of food or of living as a result of the subsidies.

It is a matter of common knowledge that the fear of breaking the line of the Little Steel formula is one of the chief causes for the administration insisting on the continuance of the subsidies. This statement is confirmed by the testimony of O. P. A. Administrator Bowles in the Senate hearings. From page 163, I quote the following questions by the Senator from South Carolina [Mr. MAYBANK] and answers by Mr. Bowles:

Mr. BOWLES. We cannot control this thing as we have controlled it without a continuance of the plan.

Senator MAYBANK. Is it because of the threat to the Little Steel formula?

Mr. BOWLES. It starts with that as the whole basis; and whether that is correct or not, I do not know.

Senator MAYBANK. After all, it resolves itself into the pressure about the breaking of the Little Steel formula.

Mr. BOWLES. Yes.

Senator BANKHEAD. Suppose the Little Steel formula is broken anyway and you have the subsidies.

Mr. BOWLES. If we have the subsidy, Mr. Davis—

He was referring to Mr. William H. Davis, Chairman of the National War Labor Board—

thinks he can hold the Little Steel formula. If the Little Steel formula is not held, we cannot hold our job.

Mr. Bowles, who is one of the highest-class men I have encountered in Government service, in saying "If the Little Steel formula is not held, we cannot hold our job," did not have in mind anything personal to himself or the job that he holds with the Government. He had in mind the job of holding the Little Steel formula. The reason I am quoting his statement is to show from official sources that this controversy about subsidies grows out of the controversy about being able to retain the Little Steel formula if the subsidies are not used.

Without going into a discussion of the various figures of earnings which have been presented to the committee by different witnesses, but accepting the statement of the Bureau of Labor Statistics that the average hourly rate for all manufacturing workers is 99½ cents, workers who are threatening the Little Steel formula in the event subsidies are withdrawn are earning on an average as much as \$7.96 a day, 6 days a week. Is it reasonable to believe that with this rate of pay it would be a hardship on working people to pay 11 cents a day per family, to take the place of the withdrawn subsidies on some food commodities?

Some people assert that the fight by the farmers against food subsidies is based upon a desire to secure more pay for farm commodities. That is not true. Except in the case of roll-back subsidies, the removal of the subsidies would not result in the farmers getting any more money for their products. The immediate financial difference to them would be that, instead of the taxpayers paying in part for farm products, the consumers would pay for them in the market place, but the amount received by the farmers would be the same. If all subsidies were withdrawn, farmers would not seek any price higher than the present market price plus the amount now paid in the form of a subsidy. In short, the farmer does not ask any more than he is getting now. He wants it all paid by the consumers of his commodities and does not want to look to the Treasury of the United States to get any of his pay for his labor and property. He does not want to be required to submit proof from time to time to some Government agent of the quantity and quality of the commodity sold by him, and he does not want

to go with frequency, at his expense, to the county seat to get his check.

Government agencies that have taken part in this controversy have grounded their position largely upon the assumption that the withdrawal of a billion dollars in subsidies will result in breaking the Little Steel formula by all labor organizations. We heard the same argument when Congress passed the so-called Bankhead parity bill, and the President vetoed it. That bill was intended to annul an order the President had made deducting 5 cents from the ceiling price on corn. Very greatly exaggerated statements were made predicting wild inflation if the Bankhead bill became a law. Many Senators who had voted for the bill expressed an unwillingness to vote to override the veto because of the fear that John L. Lewis would then have grounds to break the stabilization order and that such action would be followed by the representatives of organized labor throughout the country for increased wages. As a result of that expression of anxiety, the proponents of the bill could not secure two-thirds of the votes in the Senate to override the veto, and the bill was sent to the Senate Committee on Agriculture and Forestry, where it still rests.

Mr. Lewis got an increase, anyway, of about \$1.50 a day for nearly 600,000 men. That means about \$270,000,000 a year added to the spending money of the Nation. The rail workers threatened to strike unless they got increases in wages in violation of the Little Steel formula. They asked for an increase of 8 cents an hour and were finally granted increases ranging from 9 to 11 cents an hour, which will cost an estimated quarter of a billion dollars. I do not complain. If these 2 groups were entitled to it, it would have been wrong to deny them. Automobile workers are now demanding a general wage increase of 17 cents an hour; steel workers, textile workers, and many other groups are demanding general wage increases, despite the fact that the subsidy programs are still continuing. Even if Congress should continue all of these subsidy programs, it is obvious that it would not stop the demands of labor groups for general wage increases. Of course, it is ridiculous on the face of it to argue that a saving of an average of 2½ cents a day per person by reason of food subsidies is going to persuade workers to give up demands for wage increases ranging from \$1 to \$1.50 a day.

A short time after the Bankhead parity bill was sent back to committee Mr. Chester Davis, Food Production and Distribution Administrator, made an order replacing the 5 cents a bushel in the price of corn which had been deducted and which caused the Bankhead bill to be introduced. Very little public notice was taken of the action by Mr. Davis.

The restoration of the 5 cents a bushel had no injurious effect on consumers or on inflation. In fact, it is now recognized that an increase of 15 or 20 cents a bushel would have been better for the country. It was definitely proven that the alarm about inflation which was

sounded and spread all over the country was totally unjustified. It was again proven that there is no infallibility in the domain of predictions. It is likely that recent excitement about wild inflation will calm down with passing time as it did on the corn controversy.

I am not opposed to all agricultural subsidies. If the pending bill repealed all subsidies I would oppose it actively.

Under the same circumstances that prevailed when we adopted soil-conservation and parity-payment programs for the depressed and heavily burdened farmers, I would gladly take the same course. I am not willing now to repeal the statutes under which authorizations for appropriations for soil conservation and parity payments were approved and the Steagall price-support program was enacted. I have never regarded the soil-conservation payments as a subsidy, but I understand the President so regards them. I do not favor over-all subsidies for price-making purposes and do not favor what is generally known as consumer subsidies. The roll-back, price-reducing, and price-maintaining subsidies are paid by the taxpayers purely for the benefit of consumers and they interfere with orderly marketing processes under which the farmer gets his pay for his commodities in the market place under the law of supply and demand and with the consumer properly protected through ceiling prices.

How does the Government secure the money paid as subsidies? There are but two chief sources of Government income, namely, taxes and loans. The taxes are admittedly totally inadequate to pay the normal expenses of the Government and to conduct the war operations. The result is that a very large amount of money must be borrowed from time to time to carry on the Government's activities. The payment of obligations in excess of the current taxes must come from money borrowed by the Government. As the present necessary obligations exhaust the taxes received, it is apparent that the money for the payment of subsidies must be borrowed, and under the present financial program it comes from the sale of Government bonds. When will these bonds be paid through taxes? We have only to look at the experiences of the past to realize that the payment of the bonded indebtedness, including the amount used in paying subsidies, will be projected far into the future. When we look at the amount currently used in the payment of subsidies we cannot fail to consider the increase in that amount which will accrue as a result of the cost of bond sales and the accumulation of interest—and the last item may, before the bonds are paid, more than double the amount paid as subsidies. Who will be the taxpayers for the service of these bonds, as well as their gradual retirement? Must our boys, on their release from the national colors, be required to pay in part for the food eaten by you and me and more than 125,000,000 others, most of whom are able to pay for what they eat? We cannot overlook the fact that the payment as a part of the taxes to pay this subsidy will fall upon our chil-

dren and our grandchildren and their children under the usual method of satisfying a Government obligation which will doubtless exceed \$200,000,000,000. It will not be a matter of pride to us, who are living in security, and many in comfort, to be obliged to face our soldiers as they return from battlefields throughout the world and inform them that they will be expected to take up the obligation of paying in part for the food that we ate while they were fighting for us.

It is doubtless true that a substantial segment of our population is not situated so that it can bear in comfort any substantial increase in the cost of food. The proportion of these people, however, does not justify the granting of bounties to all those who would not suffer as a result of the withdrawal of the bounties, thereby increasing some food prices. Other ways are available for providing compensatory relief to those with small incomes who have not had appropriate income increases. During the last great depression, it will be recalled, the food stamp plan was put into operation and afforded much relief to many needy people. Bills are pending at this time to put into operation the same plan or something similar to it.

I submit that a better way to avoid injurious results to low-income people from the abandonment of the subsidy program, would be to authorize rebates of the actual amount paid by low-income consumers in lieu of the subsidies which had been withdrawn. This should, of course, apply only to those with definitely low incomes and without any other inquiry into the subject of their need. The mere fact of a low income and of a desire to get back the additional money they paid in lieu of the amount covered by the subsidy which had been withdrawn, should be the only requirements necessary to qualify the consumers to secure a rebate of the extra amount they paid on account of the withdrawal of the subsidy.

It is generally recognized that when the war ends there is likely to be substantial reductions in wages and farm commodity prices. In times of declining prices farm prices go down faster and to lower levels than other prices and wages.

That is historical.

The effect of consumer subsidies is to reduce farm prices now while industrial wages are likely to be increased from time to time. No one has proposed that increases in wage rates be paid with subsidies. Does anyone believe that industrial workers would be satisfied to apply for subsidy payments from the Treasury to pay for wages earned by them? It is unthinkable.

When the time for post-war readjustment arrives, a disparity wider even than that now existing in the earnings of industrial and farm workers will prevail as a result of the subsidy program. It is an established rule that in all general price decline movements agricultural prices are the first to go down and the last to stop going down. A long, difficult struggle is then necessary to get

farm prices up to a level approaching actual parity prices with the prices of nonagricultural prices and wages of workers.

It may be recalled that after the great decline in farm prices following the last war the usual parity level of prices was not regained until 1941, after a period of twenty-odd years, during which the farmers suffered through inability to get their prices on an ascending scale. The unjust and unbalanced situation I have just described will result from subsidy legislation reducing and holding down farm prices, and not from general economics. It will present a very serious problem which should not burden the farmers when this horrible war ends, in their struggle for decent standards of living.

A subsidy program is inflationary—by reducing the price of consumer goods it encourages increased consumption and increases excess purchasing power in the hands of consumers. It does not encourage production as good prices do. It adds to the public debt. It contributes to the depreciation of the currency. Certainly food subsidies should not prevail at this time of abundant money so widely circulated, and with rationing power and price ceilings available to the administration to control price rises.

Mr. ELLENDER. Mr. President, I should like to ask the Senator from Alabama a few questions in respect to the amendment which is the substitute for what is provided for in the bill which passed the House.

I understand the only provision that was added to the House bill was section 5, which increases the amount of loaning capacity \$250,000,000.

Mr. BANKHEAD. No; that was not the only thing added.

Mr. ELLENDER. But that was one of the principal things added?

Mr. BANKHEAD. That is true.

Mr. ELLENDER. As I understand, the House provided that subsidies should terminate on December 31, 1943, and the substitute extends the time until June 30, 1944.

Mr. BANKHEAD. That is true, but that is not all. I think the bill was introduced in September, and it provided for a termination of the program on the 31st of December, which allowed 3 or 4 months, some considerable time, for everyone to become adjusted before the program was terminated. When I introduced my bill in the Senate I provided that the liquidation should begin not later than the 1st of January.

Mr. ELLENDER. That is, after the enactment of the bill?

Mr. BANKHEAD. Yes; that liquidation should begin at that time, and that it must be completed and the programs closed by the 30th of June.

I have an amendment which would strike out the provision that liquidation should begin the 1st of January, or the 31st of December, because so much time has intervened that it would be an impossibility. I did not in the beginning wish to make the closing of the program too abrupt, too quick, so as to upset either the agency administering it, or the consumers, or the subsidy recipients.

For that reason I provided time for an orderly liquidation. Then, after so much time had elapsed before we could obtain action on the bill, I did not see any need for inserting a liquidation clause, and merely provided, as was provided in my original bill, that the program must be closed up by June 30.

Mr. ELLENDER. Is it the Senator's view that with the language now incorporated in the substitute, or with the amendment he proposes, the Commodity Credit Corporation could maintain the present subsidies up to June 30, 1944?

Mr. BANKHEAD. That is correct.

Mr. ELLENDER. Can any new subsidy programs be added?

Mr. BANKHEAD. No.

Mr. ELLENDER. I thank the Senator.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee in the nature of a substitute.

Mr. MALONEY. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	George	Radcliffe
Austin	Green	Reed
Bailey	Guffey	Revercomb
Ball	Gurney	Reynolds
Bankhead	Hawkes	Robertson
Barkley	Hayden	Russell
Bilbo	Hill	Shipstead
Bone	Holman	Smith
Brewster	Jackson	Stewart
Brooks	Johnson, Colo.	Taft
Buck	Kilgore	Thomas, Idaho
Burton	La Follette	Thomas, Okla.
Bushfield	Langer	Thomas, Utah
Butler	Lucas	Tobey
Byrd	McClellan	Truman
Capper	McFarland	Tunnell
Caraway	McKellar	Tydings
Chandler	Maloney	Vandenberg
Chavez	Maybank	Wagner
Clark, Idaho	Mead	Wallgren
Clark, Mo.	Millikin	Walsh, Mass.
Connally	Moore	Walsh, N. J.
Danaher	Murdock	Wheeler
Davis	Murray	Wherry
Downey	Nye	White
Eastland	O'Daniel	Wiley
Ellender	Overton	Willis
Ferguson	Pepper	Wilson

The ACTING PRESIDENT pro tempore. Eighty-four Senators having answered to their names, a quorum is present.

The question is on agreeing to the committee amendment in the nature of a substitute to House bill 3477.

Mr. MALONEY. Mr. President—

Mr. WHITE. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Connecticut has first asked for recognition by the Chair. The Senator from Connecticut is recognized.

Mr. MALONEY. Mr. President, if it is in order, I desire to call up an amendment which I earlier sent to the desk and which has been printed. I ask that the amendment be read.

The ACTING PRESIDENT pro tempore. The amendment will be read.

The CHIEF CLERK. In lieu of the matter proposed to be inserted by the committee beginning on page 9, line 11, and

ending with line 23 on page 10, it is proposed to insert the following:

Sec. 3. No funds appropriated to, borrowed by, or in the custody or control of any governmental agency (including any Government-owned or Government-controlled corporation) shall be directly or indirectly used by or made available to the Commodity Credit Corporation or any other governmental agency (including any Government-owned or Government-controlled corporation) to make any subsidy or other payment, or to pay or absorb losses, on any agricultural commodity or any commodity processed or manufactured in whole or substantial part therefrom, including milk and livestock and the products thereof, either to reduce or maintain, or in lieu of increasing, maximum prices established on such commodities, unless the Economic Stabilization Director shall find that payments for any such purpose are necessary in order to obtain needed production or distribution of a commodity consistently with the objectives of the Emergency Price Control Act of 1942 and the Stabilization Act (Public Law No. 729, approved October 2, 1942) to prevent inflation and to stabilize prices, wages, and salaries: *Provided*, That the total amount expended by means of such payments to provide needed production or distribution of food commodities while keeping national living costs stable shall not exceed \$1,500,000,000 in any fiscal year: *Provided further*, That incentive or production adjustment payments may be made in accordance with the foregoing provisions: *Provided further*, That the limitations of this section shall not apply to the making of parity payments or soil-conservation payments; or to benefits to sugar growers authorized under title III of the Sugar Act of 1937, as amended, or to the sale of feed wheat as authorized by existing law.

The ACTING PRESIDENT pro tempore. Will the Senator from Connecticut suspend for a moment? The Chair understood that the Senator from Maine had a parliamentary inquiry to propound.

Mr. WHITE. Mr. President, the question I had in mind has been answered to my own satisfaction by myself.

Mr. MALONEY. Mr. President, just before the speech of the able Senator from Alabama [Mr. BANKHEAD] the majority leader pointed to the fact that this is a subject with which all Senators have had an opportunity to become familiar. He reminded us that it was under lengthy discussion last year, and that it has been considered for a long period of time in the Committee on Banking and Currency and in the Senate. He expressed the hope that the debate would be brief and that the bill would be acted upon at a very early date. He urged Senators to remain in the Chamber.

For two reasons I shall be exceedingly brief. First, because of a natural desire to expedite consideration of the proposal; and second because the majority leader's admonition is unheeded and many Senators are not in the Chamber, and because I have no special desire to talk to myself about this all-important matter.

I hasten to add, Mr. President, that I do not say that by way of criticism. This is the hour of the day when many Senators are usually at lunch, and other Senators are detained for other reasons.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. TAFT. Let me say that I am here to listen to the Senator with the greatest interest. Other Senators are present, but the majority leader is not in the Chamber. So I hope the Senator will continue at least until he returns.

Mr. DANAHY. Mr. President—

Mr. MALONEY. Mr. President, I was about to give the names of Senators who are present. [Laughter.] I yield to the Senator from Connecticut.

Mr. DANAHY. I should like to have my colleague know that not only am I here, but the Governor of our State is here. It is with great pleasure that I make that announcement.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. BANKHEAD. I should like to ask the Senator if he has given any thought to the subject of the Senate adopting a lunch hour. On several occasions I have had to open the debate on a bill of considerable importance when only a handful of Senators were present. The number of Senators now present is approximately the number usually present at this hour. Senators have the habit of eating. They cannot be held in the Chamber. I know I cannot hold them. They do not often stay to listen to me. I think it would be a good idea for us to consider taking a recess for about 45 minutes at this time of day—say from half past 12 until a quarter past 1—to enable Senators to obtain their lunch. It would save time and the results would be better.

Mr. MALONEY. Mr. President, if that statement is submitted to me in the form of a question I do not agree. I do not wish to take a recess for lunch.

I should like to say to the Senator from Ohio [Mr. TAFT] that I am always grateful for his presence. I am particularly grateful for it now, because the able Senator has devoted his attention wholeheartedly to this particular subject, perhaps to a greater extent than most other Members of this body. He needs less enlightenment than do other Senators, although I think there is some slight room for improvement in his thinking on this question. In the few minutes I shall consume I hope I can help to persuade him.

Mr. CHANDLER. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. CHANDLER. I want my friend to know that I am present, at his side.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. VANDENBERG. That is all I wanted. [Laughter.]

Mr. MALONEY. Mr. President, I did not intend to be facetious. I was hoping to lay emphasis on the desire expressed by the majority leader that we have early action on the pending proposal. The dead line is the 17th of this month. Unless we are careful we may provoke another controversy such as that which caused some unusual feeling in the Senate just prior to the summer-time recess last year.

Mr. President, I had wanted to ask some questions during the course of the

discussion of agriculture's Happy Warrior, the distinguished Senator from Alabama; but at his request that he be permitted to complete his statement, I necessarily restrained that desire. I cannot remember all the instances in which I might have questioned him or offered objection. However, there is one particular item to which I wish briefly to refer.

Before doing so, Mr. President, I should like to say that during the many years I have been a Member of Congress I have resolved every doubt in favor of the farmer. I have been pretty close to the views of the distinguished Senator from Alabama on agricultural questions, whether or not such questions were of particular concern to the people of the State whence I come.

I do not like the need for food subsidies—

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. MALONEY. I shall be glad to yield in a moment.

Mr. President, we are in the midst of a terrible war. We have cast the die. We are operating under a food subsidy program, and I feel that wartime food subsidies are a necessary thing.

I now yield to the Senator from Alabama.

Mr. BANKHEAD. I merely wished to confirm the statement of the Senator. I have observed his record, and I know that he has been the friend of the farmer and has supported most of the agricultural legislation.

Mr. MALONEY. Mr. President, I think the Senator could go a little further than saying "most." I do not think that he and I have disagreed on enough farm bills to exhaust the count on the fingers of my hands. I do, however, appreciate his kindly reference.

During the course of his discussion, if I remember correctly, the Senator from Alabama said that under the abandonment of the subsidy program the cost of living would rise approximately 7 percent. If I am in error I should like to have the Senator correct me now.

Mr. BANKHEAD. The cost of living?

Mr. MALONEY. The cost of living.

Mr. BANKHEAD. No; I said 3 percent.

Mr. MALONEY. I thought the Senator referred to the—

Mr. BANKHEAD. I said that the cost of food would rise 7 percent.

Mr. MALONEY. I thank the Senator.

Mr. BANKHEAD. The cost of living would rise about 2½ percent.

Mr. MALONEY. The Senator also said that in his opinion the subsidies would increase the national debt. He seemed to look upon this proposal as an effort to pay the Nation's grocery bills. To me he seemed to offer the suggestion that we might look for ways to withdraw money from circulation. He said that the people have an overabundance of buying power, although I know that he knew that the statement was not correct insofar as our entire population is concerned. The Senator from Alabama knows that there are millions of our people who are without an overabundance of buying

power, and that there are millions of our people who do not have the money in their pockets in such abundance as he describes.

Mr. President, I know of no one who is opposed to subsidies. I doubt that there is a single Member of the Senate who has not at some time or other, if he has not advocated, at least supported subsidies of one kind or another. I do not know any farmer in this land who is opposed to subsidies. Agricultural subsidies have been in effect for probably 100 years or more. If there should come another period of overabundance, as was the situation just before our entrance into this terrible war, there would be further clamor for some kinds of subsidies for agriculture. That applies to every Senator. It includes every State. I do not believe there is a Senator who would not only refuse to repudiate subsidies, in general, but would also refuse to repudiate agricultural subsidies.

The distinguished and able Senator from Alabama, for whom I have a great personal affection and admiration, stepped out from his customary role a little while ago and offered us a subsidy for the country press of the Nation.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. BANKHEAD. I do not think the Senator should inject that subject into the debate. He knows that we fought it out in the Senate, and that the Senate agreed that it was not a subsidy although he insisted it was. I do not know why we should get into a debate on that subject. The bill to which the Senator refers is now pending in the other House.

Mr. MALONEY. There certainly was no desire on my part to offend the distinguished Senator, and, being anxious to please him, I shall make no further reference to the matter. I do not think I have contributed to the debate by mentioning it, and I am sorry that I made the reference. I wish, however, to dwell briefly on the fact that during his address the Senator spoke about a 7-percent increase in the cost of living. Mr. President, this war has made our country the largest buyer in the world of produce and products. We are spending approximately \$100,000,000,000 a year on the war. The Senator has spoken about a 7-percent increase in the cost of living—

Mr. BANKHEAD. No, Mr. President; I stated that there had been a 7-percent increase in the—

Mr. MALONEY. The cost of food.

Mr. BANKHEAD. Yes.

Mr. MALONEY. The Senator implied, it seemed to me, that we could increase the cost of food 7 percent and rest on our oars. There is not a Member of this body who for one moment believes that we can increase food costs 7 percent without an over-all increase in everything else.

There was much logic in the Senator's address. He talked about the low cost of food per family with or without subsidies. But every Senator knows that is because we have been successful under our stabilization program, with all

its faults and frailties. Every Senator knows that if we take off the restrictions now existent, which might in some instances follow if we should abandon the subsidy program, we cannot hold the line, we cannot confine ourselves to a 7-percent increase in the cost of food, we cannot keep wage prices on an even keel, and that there will certainly be a demand—and I expect a successful demand—for wage increases.

Reminding my colleagues that the Government of the United States is the largest employer of labor, the largest buyer of produce and products in the country, does it not seem a little out of place to be concerned about the returning veterans paying the food bill of America which is, in the language of the Senator from Alabama, costing only a few cents per family per day?

Mr. President, let me try to paint the true picture. If there should be a 7-percent increase in the price of foods other prices would go up accordingly, and I dare say that we would not be able to hold the increases to 7 percent.

Let me suggest that as a small beginning prices go up 10 percent, that wages and prices, with the shackles taken off, increase 10 percent; I do not believe anyone thinks that is a fabulous or an over statement. It simply means, Mr. President, that a 10-percent increase would cost the Federal Government, as the largest employer of labor and the world's largest buyer, on the basis of wartime expenditure of \$100,000,000,000 per year, \$10,000,000,000.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. TAFT. The Senator recognizes, I believe, that in the last 12 months, however, the average hourly cost of labor has gone up 12 percent in spite of the fact that prices have not gone up. What assurance has the Senator that any increase in prices will necessarily result in a greater increase in wages than is likely to occur in any event?

Mr. MALONEY. I am not a prophet, but I am not ready to surrender before the fight is made. I am not going to predict now that, regardless of what we do, wages are going up. Perhaps the Senator from Ohio is correct. He may be a prophet; he may be able to foresee the future; I do not want to disagree with him; but if there is a chance to hold the line on wages the chance is with us right now. The Senator knows—

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MALONEY. I shall yield in a moment. As a student of all legislation, particularly the pending legislation, the Senator knows there is much that is psychological in this bill. The Senator knows that labor all over this land is now straining at the leash for increased wages; and the Senator knows that if we take the lid off prices by way of abandonment of subsidies there will be a cry for increased wages the like of which we have not heard up to now.

Mr. TAFT. Mr. President, will the Senator now yield?

Mr. MALONEY. I yield.

Mr. TAFT. I do not know anything of the kind. There will be a constant pressure for increased wages no matter what we do. There has been, and there is now. It has resulted in an increase of about 12 percent, as I say, in the cost of labor compared to a 25-percent increase in prices during the last 12 months.

I agree it will be an additional argument for the present position of the Government, which I believe to be unsound. I think that, although prices have gone up 25 percent, they are pretending, at least, to hold wages to a 15-percent increase. In other words, my point is that all a small further increase in prices will do will be to provide a small additional argument for wage increases; there will be the demand anyway, and the argument will be made anyway.

The labor people refuse to accept the figures of the Bureau of Labor Statistics as to what the increase is today. They are claiming that Bureau's figures are wrong, and that there is actually a 15-percent greater increase than the figures show. There is no question in my mind that the Government is going to have this fight anyway. I doubt very much that an increase of 2 percent in the cost of living, as indicated by the Senator from Alabama, resulting from a 7-percent increase in food prices, will do more than add one more slight argument when the labor people appear before the National War Labor Board.

The Senator accuses me of claiming to be a prophet. I am not. I am asking him how he knows, for he is the one who prophesies a \$10,000,000,000 increase in cost to the Government. I have not done so. I am saying we cannot tell; these things are intangible, and while there would be the basis for an additional argument, I do not think the Senator's prophecy can possibly be borne out.

Mr. MALONEY. Mr. President, I have not disagreed with the Senator. I told him he had a perfect right to essay the role of a prophet if he so desired, but I am not willing to admit the correctness of his statement; I am not willing to admit that the situation will be as he describes it. I can well understand the Senator's feeling; many share his fears; but if the worst of his fears are realized and he expects that the situation he has portrayed will prevail without subsidies, he cannot entertain the slightest hope, in my judgment, of holding the line insofar as wages are concerned unless he is willing to hold the line insofar as food prices are concerned.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. TAFT. I have no hope of holding the line so far as wages are concerned. Although the administration said they would do that, they have not done it, and I have no doubt that wages will continue to increase at the rate of about 1 percent a month, as they have increased during the past year, regardless of the action taken by the Congress on the pending measure.

Mr. MALONEY. Mr. President, if we throw off all restraints, if we remove the

restrictions which we have heretofore imposed, and wages are going to increase about 1 percent a month or 12 percent a year, the fear which I express does not sound so ridiculous, because I have only suggested that a 10-percent increase in the cost of labor and produce and products would increase the cost to the taxpayers of this country in 1 year \$10,000,000,000.

It seems to me in the face of that sort of situation it is rather picayune to be talking about the Nation's food bill. This is not a question of the Nation's food bill. The question here, Mr. President, as I see it, is whether we are going to repudiate a program which we earlier adopted, which is now in operation, and which, in my judgment, is meeting with considerable success. We have held the line fairly well, all things considered. I think it was Patrick Henry who said that the only way he could judge the future was by the past.

Mr. President, I am old enough to remember some of the experiences of the last war, when we did not impose self-restraint, when we did not rigidly attempt to do something about the control and regulation of prices. Surely, the Senator from Alabama and my other colleagues in the Senate remember what happened to the prices on foodstuffs during that war. Sugar was a shining example. In the last war sugar cost almost five times as much as it does under the governmental program of this hour.

Senators will perhaps remember that steel plates in Pittsburgh during the period of the last war increased in cost 695 percent; and that is a fair example of what occurred. Senators know, or ought to know, that should we abandon the program now in effect, a program which is meeting with success, if we let subsidies go and prices rise—and that is what this means—wages will rise, and if wages rise in the steel industry that means that the cost of ships and tanks and guns and most of the other materials of war will correspondingly increase. If steel should rise in cost as the result of wage increases which are in the offing, if we abandon this program, I shudder to think of the cost to the Nation; I shudder to think of the cost to the American taxpayer; and I can join, I think, in the tears that are shed for the man overseas who is going to be compelled to bear so much of this burden.

Mr. President, in view of our long experience with the program, I am reluctant to take the time of the Senate to discuss it further, and particularly am I hesitant to impose upon the Senate after the admonition and the plea and the suggestion of the majority leader that we make haste. Insofar as I am concerned, we can act on the bill today. There are no new arguments which can be made. Whatever is said is repetition; whatever develops in this debate is a rehash, if I may use a colloquial term, of what has been said heretofore.

The question, Mr. President, is whether we will adhere to the program existing, or whether we will bring about an interruption that will throw our stabilization program into complete chaos, whether we will take off the roof, whether

we will go back to the bitter experiences of 1917 and 1918, or whether we will keep the faith a little longer. The issue is whether we will permit the administration, and particularly the administration of the O. P. A., which is meeting with greater success each passing day, to continue to give the Government and the people of this country the benefit of their more successful experiences of the last little while.

I do not ask anything new. My amendment does not magnify anything now existing. It does not go a step beyond where we are. All I ask is that we continue this program for another year. The amendment is ironclad. It provides a limitation of \$1,500,000,000. It sets forth in unmistakable and clearly understandable language how and when subsidies may be used.

Mr. President, I want to say again that I deplore the need for food subsidies. In ordinary times and under ordinary circumstances I would be among those hostile to this program; but we are not living in ordinary times—we are not living under ordinary circumstances. We are in the middle of a war, and in the middle of a war, Mr. President, it seems to me it would be nothing short of stupid to take off our armor.

I hope the amendment will prevail. I hope we may have early action on this all-important measure.

Mr. AIKEN. Mr. President—

The PRESIDING OFFICER (Mr. McFARLAND in the chair). Does the Senator from Connecticut yield to the Senator from Vermont?

Mr. MALONEY. I yield.

Mr. AIKEN. Does the Senator believe that if a limitation of a billion and a half dollars is put upon the amount which can be spent for subsidies, the executive department would certainly keep within that limitation?

Mr. MALONEY. Under my amendment, they would have to.

Mr. AIKEN. Does the Senator from Connecticut know where the executive department is getting the money it is now paying and promising to pay in subsidies?

Mr. MALONEY. I certainly know where it is getting some of the money; it is getting it from the R. F. C.

Mr. AIKEN. Was the money appropriated by the Congress for that purpose?

Mr. MALONEY. I have made that speech many times, Mr. President. I have deplored the fact that the Reconstruction Finance Corporation was acting as an appropriation agency of this Government. I think it is a condition which should long since have been corrected. I do not like it. I would stop it now. I want to return at the earliest possible moment to a simplicity of Government. I want to repudiate those agencies which have outlived their usefulness. I want at the earliest possible moment to send them back to oblivion, whence they came, and if I am here when the war is over, I shall be anxious to set aside forever the agencies which have come into existence, almost all of them, as a result of the serious depression and the world war. I do not wish to engage

in that particular debate. I am on the Senator's side.

Mr. AIKEN. The Senator is satisfied that his amendment is so worded that it would prevent the borrowing of money which was not appropriated for that purpose to pay subsidies in excess of the one and a half billion dollars which it allows?

Mr. MALONEY. Mr. President, I have read in the press recently that this is an administration amendment. If it is, the administration adopted it. I think it is an iron-clad amendment. In my opinion, the answer to the Senator's question is "Yes." The intention is to limit the expenditure of funds under this program to \$1,500,000,000 a year.

I hope the Senator will agree with the feeling I have that I have never engaged in subterfuge. I do not want to do so now. If it becomes necessary to continue this program, or to expand a greater sum of money, I want it done here in the Congress. I do not want the R. F. C. making appropriations. I do not want any other governmental agency than the Congress of the United States making appropriations, and I have been advocating that procedure for so long as I have been a Member of the Senate.

Mr. AIKEN. I thank the Senator from Connecticut. We certainly do know him as one who does not resort to subterfuges, and I hope that, whether the amendment shall be agreed to or not, he has found a way of wording legislation so that the executive department can not misconstrue or misapply it.

Mr. MALONEY. I share the hope. I thank the Senator.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. BANKHEAD. I call the Senator's attention to the fact that his amendment authorizes the expenditure of \$1,500,000,000 each fiscal year.

Mr. MALONEY. I said that.

Mr. BANKHEAD. What I desire to call to the Senator's attention is that during the present fiscal year, under the amendment, the administration could spend \$3,000,000,000. They would be limited to \$1,500,000,000 for each fiscal year. There are 4 months left in the present fiscal year in which they could spend \$1,500,000,000. Then, beginning July 1, and between that and the 1st of January they could spend an equal amount.

Mr. MALONEY. If that be so, I shall certainly correct it.

Mr. VANDENBERG. Mr. President, will the Senator from Connecticut yield to me?

Mr. MALONEY. I yield.

Mr. VANDENBERG. The Senator's reference to the inevitable and inescapable relationship between prices and wages is what challenges my primary interest in connection with the pending legislation. I wish to ask the Senator whether the Committee on Banking and Currency was able to give any consideration to the basic idea contained in the so-called Monroney amendment in the House, which undertook specifically to gear wages and prices together and keep them in gear.

Mr. MALONEY. Mr. President, if my memory serves me well, that particular question was not considered at length by the Committee on Banking and Currency. But the Senator knows that it had some of my attention, because, with a recognition of his special talents and his deep interest in the subject, I talked with him about it at some length. I tried ever so hard to work out an amendment which would bring into effect the very sensible thought which the Senator has in mind, which first came to light, I think, as a result of the amendment offered in the House of Representatives by the gentleman from Oklahoma, Mr. MONRONEY.

I discussed the matter with Government officials in Washington who were interested. I sought the help of the Office of Price Administration and other agencies of Government here in the drafting of such an amendment. I am not a lawyer, and I wanted the best legal advice. It appeared that the best legal advice available found it was impossible to write an amendment which would meet the situation.

Mr. VANDENBERG. I can understand the difficulties the Senator has had, because I have collided with the same difficulties in undertaking to pursue the objective myself. Yet I still cling to the fundamental belief that until there is established a more definite and specific relationship between wages and prices, and particularly between the governmental authorities controlling these two factors, we are going to be in a state of constant turmoil with respect to this whole problem.

Mr. MALONEY. I am inclined to agree with the Senator. I went so far as to suggest to him that we together might work out an amendment. I think it has been most difficult everywhere. I think some such effort was made in Canada. I do not know the experience of England. But the problem is almost too difficult.

I think the closest we can approach to the stabilization of wages, or the holding of the line, is the adoption of the pending amendment, which will permit a continuation of subsidies and provide a continuation of pretty rigid price control, which I think should dissuade workers who are being sufficiently paid from asking for increases in wages. There are certain instances, as we recognized when we passed the Stabilization Act, in which wages should be increased. We provided for the adjustment of inequalities. I do not think we want to erase that action, but I think that if wages are to be stabilized, if wages are to be kept within the lines drawn by the administration, we must adopt some such amendment as that which I have offered. In my opinion, the repudiation of the amendment would be a repudiation of the Government's subsidy program and, in my judgment, would come pretty close to being a repudiation of the effort to hold the line.

Mr. TAFT. Will the Senator from Connecticut yield?

Mr. MALONEY. I yield.

Mr. TAFT. As I understand the Senator's amendment, it would permit a continuation of the present subsidy, the so-called feed-milk subsidy, by which the

Government is now undertaking to pay every farmer who sells any milk or sells any butter a certain number of cents a pound, a program which, I understand, has cost some \$300,000,000 during the year.

Mr. MALONEY. The Senator is correct.

Mr. TAFT. There is another subsidy which is being paid, that on wheat flour, but it seems to me very doubtful today whether it has any effect on the price of bread. Would the Senator's amendment permit the continuation of that particular subsidy?

Mr. MALONEY. It does not specifically refer to it, and it does not deny it. So I think the answer is that it would authorize continuance of that subsidy.

Mr. TAFT. There is another subsidy paid to canners of vegetables. Last year a statement was issued that canners could charge a certain price, but if the cost of labor went up so many cents they could charge the additional cost in the price of their products. The price of labor did go up. When the canners attempted to charge the additional price, Mr. Vinson said, "That is all right, but if you made more than 6 percent on your invested capital last year you cannot charge that additional price." In other words, he undertook to use the subsidy program to control profits.

Mr. MALONEY. I am against that, let me say to the Senator from Ohio.

Mr. TAFT. But as I read the Senator's amendment that procedure could still continue, because it provides no restriction against that kind of treatment of the canners which Mr. Vinson is now pursuing.

Mr. MALONEY. I am opposed to that idea. If the Senator can find a way to improve the language to restrict such procedure I shall not object.

Mr. TAFT. In the amendment which I hope to offer I have tried to place language to prevent such procedure.

I wish to ask the Senator one other question. The Senator proposes the spending of one and a half billion dollars. The President's message on the subject, sent to Congress about a month ago, stated that the subsidy program would cost only 1 percent of the total governmental expenses per annum. I estimate 1 percent to amount to about \$950,000,000 instead of \$1,500,000,000. Can the Senator give any reason why he is asking for about 50 percent more than the President suggested in his message?

Mr. MALONEY. I think the President made a mistake.

Mr. TAFT. I thank the Senator.

Mr. BUSHFIELD. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. BUSHFIELD. I hold in my hand the report of the United States Department of Labor which shows that there was an increase of 94 percent up to December 31, 1943, from January 1939, in the earnings of factory workers. The same report indicates an increase of only 26.2 percent in the cost of living. The items of food subsidies about which we are talking today affect principally

the class which is covered by this 94 percent increase. Does the Senator care to make any comment upon that?

Mr. MALONEY. No; I do not think I care to comment upon that. It is a subject which has been tossed around in the Committee on Banking and Currency and on the Senate floor for many months. I have seen all the sets of figures, I think, and I do not believe I could contribute anything to the debate by attempting to comment upon that subject.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. WILEY. I am sorry I did not hear all the remarks of the distinguished Senator from Connecticut. I understood him to say that at present much of the funds which are available for subsidies come from the R. F. C.

Mr. MALONEY. I did not say how much. I said some of them.

Mr. WILEY. And did I correctly understand the Senator to say that if his amendment were to become law in his opinion it would affect the operation of that subsidy scheme so that no longer could funds be obtained from the R. F. C. for subsidies?

Mr. MALONEY. Excepting within the limitations of this proposal. As to food subsidies, the answer is "Yes."

Mr. WILEY. I should like to ask the Senator another question. If the Senator's amendment should not become law, is there anything in his opinion which would operate to stop the present method of obtaining funds from the R. F. C. for subsidies?

Mr. MALONEY. Not if the Commodity Credit Corporation is continued. If the Commodity Credit Corporation is continued—and I rather believe it is the desire of Congress to continue the Corporation—then there is not anything that I know of which would prevent the present practice of paying subsidies from R. F. C. funds.

Mr. WILEY. Then, in other words, whether the Senator's amendment is agreed to or not, the present practice of paying subsidies will go on; is that correct?

Mr. MALONEY. I do not know what will go on, but I rather expect it will, because I expect the administration under existing circumstances and at this late hour is wise in continuing the subsidy program. Since the policy has been adopted, I have every reason to believe that if the Commodity Credit Corporation is continued the subsidy program will be continued.

Mr. WILEY. Irrespective of whether or not the amendment is agreed to?

Mr. MALONEY. I am simply giving the Senator my opinion; but I call his attention to the fact that if the amendment is agreed to, it will restrict food subsidy expenditures to \$1,500,000,000 in any one fiscal year, and neither the R. F. C. nor any other governmental agency can go beyond that.

Mr. WILEY. Do I correctly understand, in accordance with the thought brought out by the distinguished Senator from Alabama [Mr. BANKHEAD], that the purpose of the proposal is to limit

the amount to \$1,500,000,000 over a 12-month period?

Mr. MALONEY. That is correct. I am sure the Senator is clear about that, but let me read briefly. On page 2, line 14, there is this provision:

Provided, That the total amount expended by means of such payments to provide needed production or distribution of food commodities while keeping national living costs stable shall not exceed \$1,500,000,000 in any fiscal year.

I think the intent is obvious. At the same time I think that technically the distinguished Senator from Alabama is correct, although that could be gotten around by expending considerable money between now and the end of the fiscal year, and I shall take steps to find language to make the necessary correction to guard against that loophole.

Mr. WILEY. Do I correctly understand that the total amount estimated for, say, the present fiscal year, or, say, the 12-month period, for subsidies is about \$1,200,000,000?

Mr. MALONEY. I think something in excess of that amount. I believe that at the last meeting of the committee we were told that it reached in the neighborhood of \$1,300,000,000 or a little more. There was some necessary increase for transportation costs and one thing and another.

I should like to say for my own sake that I am not the manager of this bill.

Mr. WILEY. I believe the Senator has stated rather clearly that it is his conclusion that whether the amendment is agreed to or not, the present policy of the Government with respect to subsidies will continue, and that the money will be available from the R. F. C. for that purpose.

Mr. MALONEY. I am not going to become a prophet. If I have my way the Senate will adopt the \$1,500,000,000 amendment, and we will not have to speculate on what will happen thereafter.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. AUSTIN. I wish to ask a brief question which I think the distinguished Senator from Connecticut can answer. It is limited to the area of New England. What has been the amount of reduction in the retail price of milk as the result of the subsidy since it went into effect?

Mr. MALONEY. I do not know of any reduction.

Mr. AUSTIN. Then the other question is: Does the Senator know whether there has been a reduction in the volume of production of milk in the New England area since the subsidy went into effect?

Mr. MALONEY. I am not entirely sure. There are experts present and we will have an opinion in a moment. But we have reached the difficult time in milk production, as the able Senator from Vermont knows, coming as he does from a great dairy State. I am not a farmer, but I know that the present is the low-yield period, and I suppose there may have been some reduction recently, but if the Senator will permit me to yield

to his distinguished colleague I know he will have the answer.

Mr. AUSTIN. I shall be glad to.

Mr. AIKEN. I can answer that question because I definitely do know, although I do not have the exact figures with me. Since the milk subsidy was put into effect there has been a steadily increasing reduction in the production of milk as compared with the corresponding period for a year ago. I do not say that the subsidy is to blame for all of that. Poor roughage is possibly to blame. There are other factors. But there has been a steadily increasing reduction in the supply of milk available for human consumption.

Mr. MALONEY. Mr. President, let me attempt to emphasize what the Senator has said. He divorces that completely from the subsidy program; does he not?

Mr. AIKEN. I think the subsidy has been a factor throughout the Nation; because, as I understand the matter, only approximately 70 percent of the milk producers have actually received the subsidy. That percentage may be increased later. Perhaps some of them expect they may find some way to get it. They are chiefly small producers, as I understand, who perhaps live so far from where they must go in order to apply for the subsidies that perhaps they do not do it.

Mr. AUSTIN. Mr. President, will the Senator yield so that I may ask my colleague a question?

Mr. MALONEY. I yield.

Mr. AUSTIN. My first question is, What has been the reduction in the retail price of milk?

Mr. AIKEN. There has been no reduction in the retail price of milk, so far as I know, since the subsidy was put into effect. I think the reduction in New England since last year has been approximately 6 percent. It is hard to tell, because we are now getting in the fluid-milk-market milk which used to go to creameries for use in making butter. But I think the reduction has been 6 percent, as compared to a year ago. It is not as much as that for the entire Nation. I do not have the figures before me, but perhaps I can put them in the RECORD tomorrow.

Mr. MALONEY. Mr. President, if I may have the attention of the junior Senator from Wisconsin [Mr. WILEY], I should like to say that it is my understanding that if the so-called Bankhead bill is passed there will be no continuation of subsidies.

Mr. BANKHEAD. No continuation of what kind of subsidies?

Mr. MALONEY. If the Bankhead bill passes there will be no continuation of food subsidies.

Mr. BANKHEAD. O Mr. President, the Senator is in error. I am sorry he did not stay here to hear all of my remarks.

Mr. MALONEY. Except for the food subsidies provided for in the bill.

Mr. BANKHEAD. No; a large majority of them will continue. The only ones intended to be terminated are the consumer subsidies.

Mr. ELLENDER. Food subsidies.

Mr. BANKHEAD. Yes; food subsidies.

Mr. MALONEY. I hope the Senator will not insist upon being technical. I thought he understood we were dealing with food and consumer subsidies.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. TAFT. I think the Bankhead bill would permit the payment of subsidies in the sum of approximately \$200,000,000 or \$300,000,000. It would eliminate all roll-back subsidies and most of the other subsidies. It would permit only the continuation of subsidies on vegetable oils and oil products—a considerable number of products which are handled by the Commodity Credit Corporation, but not in any very large dollar amount. That is my analysis of the Bankhead bill.

Mr. MALONEY. As I understand the bill, it will erase what the Senator from Alabama refers to as consumer subsidies.

Mr. TAFT. Yes.

Mr. MALONEY. The Bankhead bill would erase the so-called consumer subsidies.

Mr. TAFT. I do not recognize the difference between a consumer subsidy and any other kind of subsidy. It is exactly the same thing.

Mr. MALONEY. I am endeavoring to distinguish for purposes of debate and clear understanding.

Mr. TAFT. Yes.

Mr. MALONEY. I am assuming that the Senator from Wisconsin referred to consumer food subsidies.

Mr. WILEY. That is correct.

Mr. TAFT. But the exceptions contained in the Bankhead bill are clearly stated. They are payments "with respect to competitive domestic vegetable oils and fats and oilseed and oilseed meals," "parity payments, soil conservation payments, or benefits to sugar growers," "or the sale of feed wheat."

Mr. BANKHEAD. And all production subsidies under the Steagall Act. They are specifically exempt. Those are the production subsidies.

Mr. TAFT. I do not know anything about that. Support prices are authorized, but I do not see any exemption of subsidies under the Steagall Act.

Mr. BANKHEAD. I will find out, and will point it out to the Senator.

Mr. TAFT. I should like to ask another question while the Senator from Alabama is looking for that. The Senator from Connecticut has proposed a figure of \$1,500,000,000. When Mr. Bowles was before the committee, he said, as I remember, that they were then paying subsidies at the annual rate of only \$1,100,000,000, and that he saw need for another \$100,000,000 or \$150,000,000 in sight, which he would like to have provided.

Now the Senator from Connecticut has chosen a still larger figure. I am not sure whether he adds "feed wheat" to that, also, so that the figure is somewhat larger than \$1,500,000,000. Why does the Senator provide for approximately \$250,000,000 more than the present program calls for?

Mr. MALONEY. Immediately after the Christmas-time recess, some of us had a meeting with Marvin Jones, Chester Bowles, and Mr. Hutson. An ef-

fort was made to have the learned senior Senator from Ohio [Mr. TAFT] present at that meeting. Unfortunately for us, he was out of the city. Members on both sides of the aisle were present at the conference, and we were given further information. I cannot be sure about the figures. I hope the majority leader will have them later. It is my recollection that we were told that the total expenditures under the program were very close to \$1,400,000,000 at that time.

I took the figure of \$1,500,000,000—I say this in answer to the Senator's question—because I felt that some few items, some unforeseen emergencies, some unanticipated expenditures might move into the situation, and that they should have some additional money as a safeguard.

Mr. TAFT. Mr. President, my recollection is that last spring, when we began to consider this matter, the subsidies were at approximately \$500,000,000. When we came back the past fall they were \$850,000,000. When we considered the matter before the Christmas recess, the figure was \$1,100,000,000. Now I understand the subsidies amount to \$1,400,000,000. I merely wish to suggest to the Senate that it certainly seems to me more desirable to provide some limitation on subsidies than it is to pass this bill and have it vetoed and have the increase continue for the next 2 or 3 years.

I think the figure of the Senator from Connecticut is too high. I do not think he sufficiently considers some of the kinds of subsidies of which he himself perhaps disapproves. I think there is something to be said for putting a limit beyond which the Administration cannot go in the future.

If we pass the Bankhead bill as it is, it is certain that the President will veto it, and will claim the right at least to go on increasing the figure until it reaches \$2,000,000,000 or \$3,000,000,000 or \$5,000,000,000.

Mr. MALONEY. That cannot be true if my amendment is agreed to and becomes a part of the law.

Mr. TAFT. That is true. But I think the figure is too high. I do not think the Senator has restrained the figure as I think it could and should be restrained. I shall develop my own amendment on that point later.

Mr. MALONEY. I should like to take advantage of this moment to say that the Senator from Ohio is, or I hope he is, to some extent familiar with my view.

Mr. TAFT. Yes.

Mr. MALONEY. And, of course, he is quite correct when he says there are some things about the program which I find distasteful.

Mr. TAFT. In fact, Mr. President, the Senator from Connecticut and I entirely agree on the fundamental principles, so far as I can tell from our discussion. The only question is, What shall we do with the practical problem facing us today?

Mr. MALONEY. I think we do, Mr. President; and that makes me proud; and I am very hopeful that before the debate is over, the fair-minded and always open-minded and learned senior Senator from Ohio will, as a result of the information which he gathers, see fit to increase his

figure just a little more, so that we may be completely in accord.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MALONEY. I shall yield in a moment.

Mr. President, I should like to take this opportunity, if I may do so, to modify the amendment I have offered. It has been suggested to me by the distinguished senior Senator from Michigan [Mr. VANDENBERG] that the insertion of two words on page 2, in line 18, will correct the danger and will close the loophole to which the Senator from Alabama has referred. So I ask that I may modify my amendment by inserting, on page 2, in line 18, after the word "fiscal", the words "or calendar."

Mr. TAFT. Mr. President, will the Senator yield for a moment? Is it not simpler to treat the whole subsidy question on the basis of a calendar year—

Mr. MALONEY. That is just what this does.

Mr. TAFT. Instead of "fiscal or calendar"?

Mr. MALONEY. The modification does just what the Senator suggests.

The PRESIDING OFFICER. The amendment of the Senator from Connecticut will be modified in accordance with his request.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. WHERRY. There is one point about the Senator's amendment on which I should like to have light. As I understand, the language on page 2 of the Senator's amendment would authorize the legal payment of subsidies for the processing of meats. Is that correct?

Mr. MALONEY. Would legalize it?

Mr. WHERRY. It would authorize it.

Mr. MALONEY. Yes.

Mr. WHERRY. I should like to point out to the distinguished Senator that up to this time those of us from meat-producing States have contended that there has been no legal authorization to pay the roll-back subsidy. However, it has been paid as a consumer subsidy, when all the time we have felt that if it were paid at all, it should go the other way, and go to the producer. Let me tell the Senator what has actually happened in my State, and then the Senator may make such observation as he cares to make.

Mr. MALONEY. Let me interrupt the Senator. I am anxious to yield the floor. I have not the slightest desire to yield the floor while some Senator wishes to ask a question. If the Senator wishes to make a lengthy statement, I would rather yield the floor and take my seat.

Mr. WHERRY. I should like to ask a question before I am through, but I am attempting to lay the foundation for it, so that the Senator may have all the facts before him.

The roll-backs paid from June on have reduced the price of beef in the Chicago market \$1.10 a hundred. A directive has been issued, as a result of which the top price of AA prime beef at Chicago is \$15.75 a hundred. A moment ago the Senator stated that the farmers were interested in subsidies. If the roll-back subsidies were now made legal, we would

be forever foreclosed from obtaining a subsidy the other way around. I am asking the Senator if there is not some way to modify the amendment so as to provide that the production subsidy may still be in full force and effect, to make up the difference between what cattle were bringing in June 1942 and what they are bringing now, because if the consumer subsidy is legalized, we are forever foreclosed.

Mr. MALONEY. I believe the Senator is so much better informed on the subject of beef that I leave that task to him. I do not suggest any change. I do not know that I would have favored the existing program as to beef in the beginning; but I think the psychological effect of a change now would be harmful. I do not care to undertake to correct the amendment in that respect. I respectfully leave that to the Senator.

Mr. WHERRY. Mr. President, will the Senator further yield?

Mr. MALONEY. I yield.

Mr. WHERRY. The amendment would bring about a change, because it would legalize a consumer subsidy on milk and we feel it should be paid to the producer if paid at all. We are making an effort to see that the subsidy is paid to the producer. The Senator's amendment would legalize the roll-back subsidy, and that would bar the subsidy from being paid to the producer. The Senator's amendment represents a change to all the beef producers in our section of the country.

Mr. BUTLER. Mr. President, will the Senator yield for a question?

Mr. MALONEY. I yield.

Mr. BUTLER. I think the amendment proposed by the Senator from Connecticut, as my colleague says, would legalize what we term "roll-back subsidies." My question is this: If such an amendment becomes law, is there any reason why the \$1,500,000,000 provided for cannot all be paid out in the form of a roll-back, or become consumer subsidies instead of producer subsidies?

Mr. MALONEY. That is a blunderbuss question. I do not know any reason why it cannot. Neither can I visualize any such extreme situation.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. AIKEN. Inasmuch as the question of the amount necessary has been brought up, I should like to state that representatives of labor organizations appearing before the Committee on Agriculture and Forestry estimated that the cost of the food-subsidy program would be from \$2,000,000,000 to \$3,000,000,000. I assume that they are working hand-in-hand with the administration on this subsidy program. At least they expect to be.

Mr. MALONEY. I am able to inform the Senator that up to the present time they have not been doing so.

Mr. AIKEN. The one and one half billion dollars allowed by the Senator from Connecticut, if the limitation is observed, would not permit the administration to carry out the program which it has planned.

Mr. MALONEY. It so happens that this program is planned in the Federal

agencies downtown. I seek my information from those who are administering the law and will continue to administer it. I cannot look far into the future, and I do not wish to look too far into the future.

Mr. AIKEN. The spokesmen of labor assured us that they did not intend to stop with these subsidies, but intended to continue until they had rolled back all prices to those of September 1942. I tried to get them to agree to have wages rolled back to December 1942, but I was wholly unsuccessful in getting any such agreement from them.

Mr. MALONEY. That was a rather ambitious undertaking.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. ELLENDER. A while ago we discussed the subsidies which would be retained under the Bankhead substitute. I wonder if the distinguished Senator from Alabama would place in the RECORD at this point any data he may have showing the subsidies which would be retained if the bill were passed as he has presented it.

Mr. BANKHEAD. I shall be glad to place such data in the RECORD. However, I do not have them before me.

Mr. MALONEY. Mr. President, if there are no further questions, I gladly yield the floor.

INVESTIGATION OF GOVERNMENT ACTIVITIES IN THE OIL INDUSTRY—PETROLEUM RESERVES CORPORATION

Mr. MOORE obtained the floor.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. MOORE. I yield.

Mr. BREWSTER. In collaboration with the Senator from Oklahoma [Mr. MOORE], I submit a resolution providing for the appointment of a special committee to survey the whole petroleum problem of this country.

As a preliminary I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, the statement of the Petroleum Administrator for War, Secretary Ickes, on February 6, and the outline of the principles of the proposed agreement regarding the pipe line to serve the oil reserves of the Persian Gulf, apparently executed under date of January 24, 1944, by the Petroleum Reserves Corporation.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

Petroleum Administrator for War Harold L. Ickes announced today that the Arabian-American Oil Co. will undertake immediately in Saudi Arabia the construction of a privately owned and financed refinery to make petroleum war products for the United Nations.

The project will be financed entirely by the company, which is jointly owned by the Standard Oil Co. of California and the Texas Co.

Administrator Ickes also revealed for the first time that expansion programs have been under way for a number of months at the Bahrain Petroleum Co.'s refinery on Bahrain Island, in the Persian Gulf, at the Abadan, Iran, refinery of the British-owned Anglo-Iranian Oil Co., and at the Haifa refinery of

Consolidated Refineries, Ltd. Capacity of the Bahrain plant, which also is jointly owned by the same two American companies, is being substantially increased.

Administrator Ickes said:

"Additional refining facilities in the Persian Gulf area have been under consideration by the Petroleum Administration for a long time as part of the over-all United Nations military petroleum supply program. Several proposals representing our best solutions of the supply and materials problems were presented by P. A. W. to the Joint Chiefs of Staff and the Army-Navy Petroleum Board. These projects have been selected and approved by the military authorities as those best fitting the many logistical factors involved in relation to other parts of the world program.

"P. A. W.'s foreign divisions are charged with fitting into the United Nations war program the facilities and properties of American oil companies abroad, as well as advising the military authorities of the over-all problems relating to petroleum resources and facilities of other United Nations.

"For many months the full utilization of Middle Eastern oil resources, both British and American, was impossible because the Mediterranean was a virtually impassable no-man's land, and there were not enough tankers to use the long sea route around Africa. United States reserves, thousands of miles closer to the battle lines, were forced to carry the load.

"Long before movements in the Mediterranean were made easier, however, we were completing plans to lift some of the unequal burden from the United States, and for many months now every refinery in the Middle East has been running full blast for maximum production of war products within the varying limits of available tanker capacity. In addition, P. A. W. from the beginning of the war undertook the study of the advisability of expanding critical materials for refinery expansion to utilize the excess crude-oil productive capacity in this and other areas whenever transportation would permit.

"Decisions were not easy, because of the urgency of United States domestic programs, particularly our own vital 100-octane-plant program. However, in our judgment the Arabian-American and Bahrain projects are of the utmost importance, and the military authorities have concurred. The same considerations have guided our recommendations on proposals affecting British-owned facilities in the Middle East.

"With the help of other interested agencies, P. A. W. will support the new Saudi Arabia refinery before the War Production Board to seek the highest obtainable priority.

"The effect of these projects on the supply of petroleum products in the United States cannot be predicted accurately now. Obviously, every gallon of petroleum supplied from outside the United States relieves us here to some extent, but present indications are that these new facilities will serve to meet additional future demands rather than replace current supplies from the United States."

The United States Government will construct a pipe line for transportation of petroleum products from the Persian Gulf area to a point on the eastern shores of the Mediterranean, and will obtain in that area reserves of 1,000,000,000 barrels of oil, Secretary of the Interior Harold L. Ickes announced today on behalf of the Petroleum Reserves Corporation, of which he is president. The Directors of Petroleum Reserves Corporation are the Secretaries of State, War, Navy, and Interior, and the Administrator of the Foreign Economic Administration.

This project is covered under an agreement in principle between the United States Government and the Arabian American Oil Co. and the Gulf Exploration Co. That the

public may be fully informed concerning the agreement in principle, copies are being made available for public inspection.

Secretary Ickes issued the following statement in connection with this undertaking:

"The Directors of the Petroleum Reserves Corporation, with the approval of the President of the United States and the State Department, and acting upon the recommendation of the War Department, and Navy Department, Joint Chiefs of Staff, and the Army-Navy Petroleum Board, have authorized me to enter into an agreement in principle with the Arabian American Oil Co., operating in the Kingdom of Saudi Arabia, and the Gulf Exploration Co., operating in the Shaikhdom of Kuwait. The Arabian American Oil Co. is owned by the Standard Oil Co. of California and the Texas Co., and the Gulf Exploration Co. is owned by the Gulf Oil Corporation.

"The agreement is conditioned, of course, upon obtaining the sanction of the rulers of Saudi Arabia and Kuwait.

"The Petroleum Reserves Corporation does not propose to compete with the private oil industry of this country. On the contrary, its purpose is to promote the private oil industry of this Nation, and to further the interests of the people of the United States. In addition to assisting these private American companies in the development of their oil interests in the areas covered by this agreement, the project will promote the interests of the governments and of the peoples of such areas.

"The purpose of this agreement is to make provision for a pipe line which will be constructed from the Persian Gulf area to a point on the eastern Mediterranean, and to provide a reserve of 1,000,000,000 barrels of oil for the naval and military forces of the United States. The terms of the agreement guarantee to the Government complete repayment of its investment and costs.

"The principles agreed to, which are subject to the working out of a definitive contract, provide that the Petroleum Reserves Corporation will construct, own, and maintain a trunk pipe-line system to transport crude petroleum from the Persian Gulf area to the Mediterranean. The Government will determine the most feasible plan for operation of the facilities, and will retain supervision thereof. The entire cost of construction plus interest will be returned to the Government within a period of 25 years, together with such net profit to the Government as may be agreed upon in the definitive contract. This is guaranteed by the companies. In other words, the pipe line will eventually cost the Government of the United States nothing. It is estimated that the cost will be between \$130,000,000 and \$165,000,000, depending on the details of plans to be worked out. The companies agree to perform at actual cost any work or services which the Government may request in connection with this project.

"The pipe-line facilities will be made available to other oil producers and shippers, in addition to the companies which are now parties to the agreement. Provision is made for other companies to utilize the facilities, provided that they fulfill certain stipulated obligations.

"The agreement of the companies to maintain a crude-oil petroleum reserve for the account of the United States, of 1,000,000,000 barrels or 20 percent of the total crude reserves if they are less than 5,000,000,000 barrels, will greatly help to assure an adequate supply of petroleum for the military and naval needs of the United States in view of the obligations which this country must assume for the maintenance of collective security in the post-war world. It will make the oil in this reserve available for Government purchase at any time for military or naval use at 25 percent below the market price in the Persian Gulf region, or of similar crude

oil in the United States, whichever price is lower. The Government is not obligated to take this oil or any part of it, but it has the right to do so at any time, for a period of 50 years. In addition, in times of war or other national emergency, the Government has the option to purchase all of the crude petroleum produced by the companies and all products thereof, to be paid for at such price as may be agreed upon at the time of taking.

"The agreement in principle further provides that the companies will not sell petroleum or products to any government or the nationals of any government when, in the opinion of the Department of State, such sales would be unwise in the light of United States foreign policy and the requirements of collective security. The companies also agree that before they negotiate with the governments of any foreign countries with respect to the sale of petroleum and petroleum products from their concessions in Saudi Arabia and Kuwait they will give notice to the Department of State and the Petroleum Reserves Corporation.

"In order that the public may be fully informed concerning this agreement in principle, copies are being made available for inspection.

"The action which we have taken in cooperation with the American oil companies which have rights to oil in Saudi Arabia and Kuwait is designed to offset, in measure, the dwindling oil reserves in the United States. The known reserves in this country are estimated to be adequate for this Nation's needs for only a relatively few years. It is true that there may be inventions or improvements in technology which will result in the discovery of new reserves, or, indeed, in the development of new sources of energy. But it would be imprudent to gamble the future of the Nation in such a speculation. The construction of the pipe line will assure that huge quantities of oil in the Persian Gulf region will be available to this country when and if needed, and the setting aside of 1,000,000,000 barrels of oil for military and naval use assures to our armed forces, on very favorable terms, a supply of oil which amounts to several years' requirements at their present unprecedented rate of consumption.

"I hope that the announcement and publication of this agreement in principle will eliminate once and for all the apprehensions which have been caused by the organization and activities of Petroleum Reserves Corporation. We are making this announcement of our plans and program as soon as possible in view of the complicated negotiations affecting many agencies of our own and other nations. Premature publicity in this situation might well have made it impossible to conclude the arrangements.

"The policy of the Petroleum Reserves Corporation is to aid the private oil business of this country by seeing to it that, so far as the foreign oil situation is concerned, the interests of the United States and its military forces are protected, and to do what can be done consistently with the foreign policy of this Government as administered by the Department of State to aid the private oil industry of this country to secure against future contingencies an adequate supply of foreign oil.

"The pipe line which will be built pursuant to this agreement will serve an essential military purpose and it will also be of lasting benefit to the people of this Nation."

OUTLINE OF PRINCIPLES OF PROPOSED AGREEMENT

For brevity, Petroleum Reserves Corporation hereinafter is referred to as Government and the Arabian American Oil Co. and Gulf Exploration Co. are called the Companies.

Upon the recommendation of the War Department, Navy Department, Joint Chiefs of Staff and the Army and Navy Petroleum

Board and with the approval of the Department of State, the aforementioned parties, in appreciation of the critical importance of reserves of petroleum in war and in peace and of the necessity of assuring to the military forces of the Nation and to the people of the United States adequate petroleum supplies, have agreed upon the principles of the understanding outlined below:

1. Government agrees to construct and to own and maintain a main trunk pipe-line system, including requisite facilities, for the transportation of crude petroleum from a point near the presently discovered oil fields of Saudi Arabia and Kuwait to a port at the eastern end of the Mediterranean Sea. The size, capacity, location and terminal points of the pipe-line system shall be determined by Government. The gathering system for the delivery of oil to the intake terminus of the pipe line shall be provided by the Companies. The Government shall determine the most feasible plan for the operation of the facilities and shall retain supervision thereof.

2. The Companies will cooperate with the various agencies of the United States Government in obtaining the necessary rights for the construction, maintenance, and operation of the pipe-line system and facilities.

3. The charges for pipe-line services shall include, in addition to current maintenance and operating costs, an amount sufficient to amortize within a period of 25 years the entire investment, together with interest and such net return to Government as may be agreed upon in the definitive contract. The parties shall agree upon an amount of oil to be tendered for transport by the companies as a minimum guaranteed amount in order that the Government will be guaranteed repayment of the items above specified, within the time limited. It is the intent that the companies will guarantee payment of the above items to the Government within the 25-year period.

4. Companies agree to perform at actual cost any work or services which the Government may request in connection with this project.

5. Government may make available to other oil producers or shippers the right to a portion of the capacity of the pipe-line system upon the agreement of such party or parties to assume pro rata the obligations undertaken by the companies, and upon such other terms and conditions as Government may specify, and also subject to the rights of the government of any country through which the pipe-line system passes.

6. Upon the following conditions the companies agree to maintain a crude oil petroleum reserve available for production for the account of, and purchase by, the military forces of the United States:

(a) The reserve shall be 1,000,000,000 barrels of crude oil (gravity and specifications to be agreed upon) less amounts purchased by Government as provided for hereafter, or 20 percent of the recoverable oil content of the companies' reserves if the total proved reserves be less than 5,000,000,000 barrels. The companies will use their best efforts to maintain the proved reserves above this amount.

(b) Government shall have the right (transferable to other governmental agency or agencies) to purchase for a period of 50 years for the military forces the 1,000,000,000 barrels of reserved crude oil, which the companies agree to deliver, if required by Government, at the rate of 30,000,000 barrels per year at times and quantities to be agreed upon. The aforesaid option is a continuing one and the Government is not required to purchase any crude oil during any particular period of time.

(c) Except in times of war or national emergency, if Government wishes to purchase more than 30,000,000 barrels during any

calendar year, it must afford the companies reasonable notice to provide additional facilities required to meet such increased demand.

(d) Government shall have the option to purchase said quantity of reserved oil at a discount of 25 percent below the market price in the Persian Gulf region for oil of like kind and gravity at the time and place of delivery, or at a discount of 25 percent below the average of the market prices in the United States for oil of like kind and gravity, whichever of such prices is the lower at the time of delivery. The market price of crude oil in the United States shall be determined by the selection from time to time by the parties of certain points in the United States.

(e) The Government shall have the sole right to determine when and the manner in which the aforementioned reserve is drawn upon and may, if it elects, determine that said reserve has no relation to the purchase of petroleum made by the military forces from year to year in the normal course of supplying their requirements.

7. In times of war or other national emergency, Government shall have the first right and option, in addition to that specified in paragraph 6, to purchase all of the crude petroleum produced by the companies and all products thereof and shall pay therefor such price as the parties may agree upon at such time. Government shall specify what portion, if any, of such purchases constitutes withdrawals from the petroleum reserve provided in paragraph 6.

8. Prior notice of negotiations by companies with governments of any foreign countries relating in any manner to the sale of petroleum or products from their concessions in Saudi Arabia and Kuwait shall be given to the Department of State and to Government.

No sales of petroleum or products will be made by the companies to any government or the nationals of any government when, in the opinion of the Department of State, such sales would militate against the interests of the United States. Companies shall be afforded appropriate notice of such opinion.

The commercial and other policies and practices of the companies would conform to the foreign policy of the United States.

9. The agreement between the parties shall be sanctioned by the respective Governments of Saudi Arabia and Kuwait and nothing in this contract shall be construed to require action by the companies in violation of their covenants with said Governments under existing agreements. Companies agree to lend all possible assistance to Government in carrying out its obligations hereunder.

Companies will not construct or cause to be constructed any additional main pipe line or pipe lines for the westward transportation of crude petroleum or products from Saudi Arabia or Kuwait unless the capacity of contemplated pipe-line system installed by Government is insufficient to meet the requirements of the companies and, after reasonable notice from the companies, Government declines to install additional facilities. In any event, the companies agree at all times during the life of this agreement to utilize the pipe-line system contemplated herein to the fullest extent of its available capacity should their transportation requirements exceed the available capacity of the system.

10. This memorandum does not purport to contain a complete statement of the provisions of a contract to be entered into. It is a broad outline of certain of the essential provisions with the details and related provisions and other matters to be incorporated therein left for future determination.

11. In the execution and performance of this agreement, it is the desire and intention of the parties not only to promote and assist in the development of petroleum in the areas affected by this agreement, but also to pro-

mote the interests of the Governments of such areas, and to respect their sovereignty and protect their rights. It is the desire of the United States that American nationals that enjoy privileges with respect to petroleum in countries under foreign governments shall have an active concern for the peace and prosperity of such countries and shall exercise their rights with due regard to the rights, including that of political integrity, of the governments of such countries.

It is understood that the foregoing memorandum is subject to the approval of the board of directors of the parties and of their approval of a definitive contract containing all of the agreements of the parties. The foregoing is approved in principle, and I agree to recommend its approval to my board of directors.

HAROLD L. ICKES,
Petroleum Reserves Corporation.
F. A. DAVIES,
Arabian American Oil Co.
J. F. DRAKE,
Gulf Exploration Co.

The undersigned, presidents of Standard Oil Co. of California and the Texas Co., respectively, sole stockholders of the Arabian American Oil Co., are in accord with the foregoing in principle and agree to recommend its approval by their respective boards of directors and, subject to such approval, agree to recommend its approval by the board of directors of the Arabian American Oil Co.

H. D. COLLIER.
W. S. S. RODGERS.

The undersigned, president of the Gulf Oil Corporation, is in accord with the foregoing in principle and agrees to recommend its approval by the board of directors of the Gulf Oil Corporation, and subject to such approval, agrees to recommend its approval by the board of directors of the Gulf Exploration Co. Nothing herein shall require action in violation of existing contracts with the British Government or with any corporation in which the British Government has an ownership interest.

J. F. DRAKE.

Mr. BREWSTER. In presenting this resolution and joining with the Senator from Oklahoma, I wish the Senate to realize the problem which is presented in the construction of a 1,200-mile pipe line at an expense of more than \$125,000,000. I am interested to know, from the acting chairman of the Appropriations Committee, whether or not funds have been provided for such a purpose?

Mr. MCKELLAR. They have not been. There has been no suggestion in the Committee on Appropriations to that effect.

Mr. BREWSTER. If this project were being carried out, it would be done either by taking funds provided for war purposes or other purposes, or by a commitment which would subsequently be submitted to the Appropriations Committee.

Mr. MCKELLAR. I assume that if it is carried out there will be a requisition for an appropriation for it. I do not know of any funds which have been appropriated from which it could be paid.

Mr. BREWSTER. I feel that this is a matter which must have the very serious consideration of the Senate, as I do not understand it to be concerned with the current war effort, since I think the Senator from Oklahoma will confirm the statement that from 18 months to 2 years would be required to build this 1,200-mile pipe line and make the refining fa-

cilities available in connection with it. Embarking upon so stupendous a project constitutes a radical reorientation of our foreign policy.

On our recent trip around the world we were instructed to go into the question of petroleum. Secretary Ickes, in testifying before a subcommittee of the Truman committee, indicated that as soon as his policy was formulated in connection with the Petroleum Reserves Corporation, he would submit it to the Congress for consideration.

As the matter dragged along, because of the many rumors as to what its functions might become, the Senator from Oklahoma and I submitted a resolution terminating the Petroleum Reserves Corporation. It was organized by Secretary Jones, Chairman of the Reconstruction Finance Corporation, with the approval of the President. Since Mr. Ickes had not seen fit to report to the Truman committee, the resolution was referred to the Interstate Commerce Committee, from which a subcommittee of five members was appointed, under the chairmanship of the Senator from Colorado [Mr. JOHNSON]. Last Friday Secretary Ickes was invited to appear before the subcommittee to state the purpose of the Petroleum Reserves Corporation. His office requested delay until yesterday, on the plea that Secretary Ickes had broken his collarbone and had a bad cold.

Meanwhile, on Sunday last there was an announcement of a 1,200-mile pipe line to be constructed by this Government in the Persian Gulf-Mediterranean area. I cannot conceive that this is other than incidental; but meanwhile a further request has arrived for the delay of the Secretary's appearance from yesterday to February 15. In the statement which I filed with the Congress from the office of Secretary Ickes, the Secretary has made very clear the magnitude of this project, and what is involved. He says:

Obviously, every gallon of petroleum supplied from outside of the United States relieves us here to some extent, but present indications are that these new facilities will serve to meet additional future demands rather than replace current supplies from the United States.

This affects very vitally our foreign policy. The pipe-line facilities, it is stated, will be made available to other oil producers and shippers in addition to other companies which are now parties to the agreement. This will greatly help assure an adequate supply of petroleum for the military and naval needs of the United States. I invite the attention of the Senate, and particularly of the members of the Committee on Foreign Relations, to the following words:

In view of the obligations which this country must assume for the maintenance of collective security in the post-war world—

So I think that Secretary Ickes himself recognizes that this action will vitally affect our entire foreign relations and our entire foreign policy.

At the conclusion the Secretary states that he is seeking "to do what can be done consistently with the foreign policy of

this Government as administered by the Department of State, to aid the private oil industry of this country to secure against future contingencies an adequate supply of foreign oil."

I shall close in a few moments with one other quotation, which I am permitted to make from the report of the Truman committee on the subject of petroleum, which will be filed with the Senate in the next few days. The report is practically ready now. It covers the results of our study of this situation for 8 months, and it very strongly recommends prompt consideration.

The resolution which the Senator from Oklahoma [Mr. MOORE] and I have submitted calls for the creation of a special committee composed of nine members; three from the Committee on Foreign Relations, three from the Committee on Interstate Commerce, and three from the Committee on Commerce. I ask that the resolution be referred to the Committee on Commerce, if that seems the appropriate jurisdiction, it being concerned with the production of oil, for consideration and report.

The resolution (S. Res. 253) was referred to the Committee on Commerce, as follows:

Whereas adequate petroleum reserves are essential to our national security and economic welfare; and

Whereas the Petroleum Administrator for War has recently stated that the United States was not now in a position "to oil another war": Therefore, be it

Resolved, That a special committee of nine Senators, to be composed of three members of the Committee on Foreign Relations, three members of the Committee on Interstate Commerce, and three members of the Committee on Commerce, to be appointed by the President of the Senate upon the recommendations of the respective chairmen of such committees, is authorized and directed to make a full and complete study and investigation with respect to petroleum resources, and the production and consumption of petroleum and petroleum products, both within and outside the United States, in their relation to our national welfare and security. The committee shall report to the Senate at the earliest practicable date the results of such study and investigation, together with its recommendations for the formulation of a national petroleum policy.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Senate in the Seventy-eighth Congress, to employ such experts, and such clerical, stenographic, and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$25,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. BREWSTER. Mr. President, from the report of the Truman committee I quote the following paragraph taken from a letter by Secretary Ickes to the committee dealing with this problem.

If materials can be made available, it is hoped that the necessary pipe line and refinery capacity can be considered so that the British oil reserves may be drawn upon to a greater degree. Plans to this end are now under way and it will be a matter of great satisfaction to me when the time comes that the heavy drain upon American reserves may be offset by increasingly greater withdrawals from British sources.

Contrary to this announcement, the arrangement announced this past week apparently contemplates withdrawals from American reserves in this area in Arabia and Kuwait.

If the pipe line is to be used for servicing certain British reserves in this area, it is a matter which I think our appropriate legislative committees must consider.

As has been repeatedly stated heretofore when this matter has been discussed, "No question has been raised at any time as to the necessity dictating the allocation of petroleum production heretofore because of the mandates imposed by transportation and refinery requirements."

This pipe line will run either to Haifa, Palestine, or Alexandria, Egypt, in areas which have been forbidden to commerce up to 6 months ago, before any of these terminals was accessible.

The whole situation is so important to both the security of the country and to its future economy that in conjunction with the Senator from Oklahoma [Mr. MOORE] I have submitted the resolution contemplating the creation of a special committee to consider and recommend regarding a national policy on petroleum after full consideration with the various executive departments concerned and by the competent legislative committees of the Congress.

Mr. TAFT. Mr. President, the fact that this matter is creating some interest in London I think is shown by a quotation this morning from the London Times. I do not know whether the Senator from Maine is familiar with it. In the regular daily series of "Old and True" quotations, the Times has published without comment the following quotation in London from Horace:

Ictus, are you now looking enviously at Arabia's rich treasure?

I think that should be added to the Senator's remarks.

Mr. BREWSTER. I thank the Senator. He has read a very pertinent quotation.

Mr. MOORE. Mr. President, at this time I desire to call attention to a development in the executive branch of our Government which, in my opinion, demands the consideration of the Congress. A few days ago I spoke concerning the organization of a Government corporation known as the Petroleum Reserves Corporation, of which the Secretary of the Interior is President. At that time I stated that the Corporation was part of a plan to engage the Government in the oil business. I also called attention to Senate Joint Resolution 110, introduced by Senator BREWSTER and me for the liquidation and dissolution of the Corporation, for the reason that we felt it was illegally formed, and if continued

would involve this country in serious foreign entanglements, as well as constitute a threat to the private enterprise of our own nationals at home and abroad.

On numerous occasions Mr. Ickes has assured the Petroleum Industry War Council and other representatives of the oil industry that this mystery Corporation had formulated no policy and had no plans for actively engaging in the oil business. As late as last Thursday Mr. Ickes assured representatives of the National Oil Policy Committee of the Petroleum Industry War Council that the Corporation had no plans for entering the oil business. On Wednesday of last week the Secretary of State, one of the directors of the Corporation, called representatives of the companies operating in the Persian Gulf area to his office and gave them complete assurance that the Government would take no action concerning a foreign oil policy without consulting with and obtaining the advice of the industry. When asked about Petroleum Reserves Corporation, the Secretary said he knew of no plans being considered by the Corporation. But on Saturday afternoon, February 5, with that dramatic suddenness so typical of the dictators, there came the startling announcement from Mr. Ickes that Petroleum Reserves Corporation had completed arrangements with three American oil companies for the purchase of a billion barrels of oil in the ground, to be delivered to it from the Persian Gulf area over a period of 50 years, and to be paid for by the Corporation at a 25-percent discount on the price existing at the time of delivery. At the same time, Mr. Ickes announced that the Corporation would construct approximately 1,250 miles of pipe line connecting the oil concessions of the Gulf Oil Corporation, Standard Oil Co. of California, and the Texas Co. with the ports of the Mediterranean Sea at an expense approximately of from one hundred and thirty to one hundred and sixty-five million dollars of the public's money. The contract is predicated upon the importance of petroleum to the military forces and for peacetime uses of the people of the United States. The statement of the Secretary and the agreement frankly admit that it is a post-war project.

Mr. President, anyone having an understanding of the oil business and every believer in the preservation of private enterprise will be appalled at the provisions of the agreement. In the first place, there never has been and probably there never will be a time when there is the slightest necessity for this Government to go into the oil business as an operating agency, either as a producer, transporter, or marketer of crude oil in order to supply the military forces with petroleum and petroleum products so long as oil is available in quantities sufficient to supply our needs. During the last war it was frequently said that "America and her allies floated to victory on a sea of oil," made possible by the American oil industry. The oil industry today is as active in its patriotic effort to supply our military forces with their petroleum needs as it was during World War No. I.

Every barrel of oil owned or controlled by the American oil industry is dedicated to the war effort.

The contract between Petroleum Reserves Corporation and the American oil companies, in effect, makes the United States a partner with the three companies involved. The agreement commits this country to the building of a great transportation project within the borders of Saudi Arabia, Kuwait, and possibly other countries of the Persian Gulf area. Some of these Near Eastern countries are British protectorates which are committed to the proposition that they may not negotiate with any other country without the consent of the British Government. Others are individual shiekhdoms or kingdoms which present a complicated international picture of instability and diplomatic hazards. The project, of course, will require treaty agreements between these countries and the United States. It will be necessary for the Government of the United States to acquire proprietary rights within the borders of these countries. It will be necessary to obtain rights-of-way for the construction, maintenance, and operation of the pipe line. It will be necessary to secure land for the establishment, maintenance, and operation of pump stations. It will be necessary to construct residences, warehouses, roads, and other facilities. It will be necessary to maintain a force of United States civilian Government workers within the borders of these countries throughout the life of the pipe line, together with a military force to protect our interests.

It is claimed the project is essentially a post-war military facility. This may be true, but if we should be so unfortunate as to become involved in another European or Asiatic war, then I am afraid that this would be a military facility ready-made for our enemies, a facility built by government 6,000 miles from home, which would not have been built by private enterprise. Is this good military strategy? If we are to engage in a project of this character, let us keep it at home. It is projects of this character which have enabled us to bridge the gap for our own military forces and our allies, in the present war.

The pipe line and the necessary pump stations will consume thousands of tons of steel for which our own American oil industry is begging. Every day, oil men are being refused material and equipment for development in this country. It grows more apparent that our oil scarcity at home is a planned shortage.

As a sidelight on the deal, I am advised that, under the contract covering the concession of the Gulf Oil Corporation, this company is prohibited from marketing petroleum or its derivatives produced from the Kuwait concession in any area in which petroleum and its derivatives are being marketed by the Anglo-Iranian Oil Co. The liberation of the Gulf interests from this contractual provision by the intervention of the Government of the United States is, of course, one of the incidental benefits which the Gulf interests hope to secure from the Petroleum Reserves Corpora-

tion agreement. The partnership oil acquired by Petroleum Reserves Corporation under the deal is to be delivered at the rate of 30,000,000 barrels a year. At this rate it will take approximately 33 years to secure the billion barrels of oil involved.

Mr. Ickes says the pipe line will not cost the United States anything because the companies guarantee the amortization of the project, including operating cost, interest, and a profit, over a period of 25 years. True, but the point is that Mr. Ickes is making an initial expenditure of \$165,000,000, and probably much more of the people's money, to obtain that which this Government already has and always will have, namely, the right to buy oil from an American oil company. On the other hand, the companies give to the Government a complete monopoly of their entire oil reserves in the Middle East and agree that even the commercial and other policies and practices of the companies may be determined by government. The companies may not sell a single barrel of oil without the consent of the Government. Petroleum Reserves Corporation not only has a call on all of their oil, but has retained an option to transport every barrel produced. Actually the contract is a bad deal from Government's viewpoint and most certainly it is not a commercial deal from the companies' standpoint. If it were, the companies involved would have been anxious to construct the pipe line. The fact is that the pipe line will connect water terminals on the Persian Gulf with terminals on the Mediterranean Sea, which are now being served by ocean tankers. It is true that approximately a 2,500-mile haul will be saved, but men of experience know that this will not offset the additional cost of pipe-line transportation. We have, for many years, moved California petroleum to the east coast of the United States through the Panama Canal much cheaper than it would have been possible to have moved it by pipe line or by rail; likewise the movement of oil from Gulf ports to the Atlantic seaboard. Of course, if the companies owning California crude, or the east-coast purchasers, could have had a railroad or a pipe line built for their special and exclusive use with public funds, it would have been a profitable thing for the beneficiaries of such project.

On principle, I condemn, of course, the engagement of this country in any post-war business enterprise, whether it be the oil business or any other industry. The companies involved should be condemned for submitting to an arrangement which can result only in their own destruction and that of other private interests. This bold step by Government has chilled the American oil companies with fear—fear that they are next on the list to be bludgeoned into a deal by which their Government will become their master. This deal has discouraged American enterprise at home and abroad.

If this had been a commercial enterprise, there would have been no difficulty in obtaining the assistance of other American companies in order that the cost and hazards might be spread. If this had been a commercial deal, the

companies could have readily secured the financial aid of American banking interests.

The American people have hardly recovered from the exposure of the Canol debacle, and now we are confronted with what will prove to be the Arabian debacle, if not the Arabian scandal, unless the Congress calls a halt to the ambitions of the White House planners and their front men. The Canol project may be accepted as a yardstick of the inefficiency of government in business.

I know the Arabian project will not receive the support or respect of the American oil industry. The contract and the accompanying publicity have been adroitly prepared to instill in the public mind the belief that the President has met and overcome a great emergency, and that the result will be some immediate relief to our domestic shortage of petroleum products, thus to gain public support of indirectly engaging this country in the foreign oil business, which, if done directly, would be universally condemned. There can be, of course, no immediate help to our domestic oil supply from the project, as it would require fully 2 years to complete it.

The Petroleum Reserves Corporation has committed itself to a program extending over 50 years, when, by the very authority under which it was created, the life of the Corporation is to terminate on January 22, 1947. The implication of this is that the Congress will again be circumvented by having the project dumped in the lap of another Government agency, or the Congress will be forced to extend the life of the Corporation.

The question naturally arises as to what the Government will do with the oil it has bought. No doubt Mr. Ickes and his Corporation will hide behind the answer that it is for military uses. This is hardly a satisfactory answer, though, because every barrel of oil reserves owned by any unit of the American oil industry, wherever located, is now and always will be available to our military forces.

The contract contemplates the delivery of crude oil to a Mediterranean seaport. Undoubtedly, this will be a large line, probably 24 inches, capable of delivering in the neighborhood of 300,000 barrels per day. There are no refineries in this area capable of handling additional substantial quantities of crude. Oil of itself is not a usable product. Consequently, it follows that it will be necessary for the Government to build a refinery somewhere on the east coast of the Mediterranean. This probability, I have reason to believe, is being considered by the White House planners. After a refinery is built, it will follow that the product must be marketed, and, in the end, we will have a Government corporation engaged in a fully integrated business.

The truth is that the White House planners visualize the socializing of the oil business and our other basic industries, including transportation and communications. Control of foreign oil, for example, is a convenient adjunct to world control of transportation by air or by steamship, to which the White House

planners are already looking. Soon we will begin to hear of plans for Government ownership, or control, of private shipping and transportation by water and by air. The argument will be that the Government must convert to post-war uses our immense fleet of merchant vessels and warplanes. The activities of the Petroleum Reserves Corporation are merely part of the plan. These activities and schemes of the White House planners for the future are so far-reaching and so sinister in their implications that there is imposed upon the Congress the pressing obligation to investigate this proposal of the Petroleum Reserves Corporation and all similar proposals from top to bottom.

I am inclined to believe that appropriate legislation should be offered to invalidate any contract or other agreement made by the President, or any agency created by him, or other agency or Department of Government, that heretofore has imposed or which hereafter will impose upon the United States the duty of negotiating with any foreign government for affirmative or reciprocal rights, unless such contracts, agreements, or obligations are presented to and approved by the Senate in the manner provided by the Constitution for the approval of treaties between this Nation and foreign governments.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House insisted upon its amendments numbered 9, 11, and 12 to the bill (S. 1285) to amend the act of September 16, 1942, which provided a method of voting, in time of war, by members of the land and naval forces absent from the place of their residence, and for other purposes; that the House disagreed to the amendment of the Senate to the amendment of the House numbered 3 to the bill, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WORLEY, Mr. RANKIN, Mr. BONNER, Mr. LE COMPTE, and Mr. ELLSWORTH were appointed managers on the part of the House at the conference.

JOINT COMMITTEE ON SELECTIVE SERVICE OCCUPATIONAL DEFERMENT OF OFFICERS AND EMPLOYEES OF LEGISLATIVE BRANCH

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair) laid before the Senate a letter from Mr. THOMAS of Utah, which was read, as follows:

UNITED STATES SENATE,
Washington, February 9, 1944.

HON. HENRY A. WALLACE,
President of the Senate,
Washington, D. C.

MY DEAR MR. PRESIDENT: Owing to the great pressure of work in the standing committees of the Senate of which I am a member, it is with regret that I ask to be relieved of membership on the Special Committee for Deferment of Legislative Employees.

Sincerely yours,

ELBERT D. THOMAS,
United States Senator from Utah.

Mr. BARKLEY subsequently said: Mr. President, earlier in the day the Senator from Utah [Mr. THOMAS] presented his

letter of resignation as chairman and a member of the Joint Committee on Selective Service Occupational Deferment of Officers and Employees of the Legislative Branch. Because of the resignation from the Senate of the Senator from Massachusetts, Mr. Lodge, and his consequent elimination from the joint committee in question it being a committee with three Senate Members, two vacancies are created on the part of the Senate, leaving the Senator from South Carolina [Mr. MAYBANK] as the only Member of the Senate remaining.

I suggest therefore that the vacancies be filled by appointment by the Presiding Officer.

The PRESIDING OFFICER (Mr. TUNNEL in the chair). The Chair appoints the Senator from Indiana [Mr. JACKSON] and the Senator from South Dakota [Mr. GURNEY] members of the joint committee on the part of the Senate.

EXTENSION OF COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (H. R. 3477) to continue the Commodity Credit Corporation as an agency of the United States to revise the basis of annual appraisal of its assets and for other purposes.

Mr. DOWNEY obtained the floor.

Mr. RADCLIFFE. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	George	Radcliffe
Austin	Green	Reed
Bailey	Guffey	Revercomb
Ball	Gurney	Reynolds
Bankhead	Hawkes	Robertson
Barkley	Hayden	Russell
Bilbo	Hill	Shipstead
Bone	Holman	Smith
Brewster	Jackson	Stewart
Brooks	Johnson, Colo.	Taft
Buck	Kilgore	Thomas, Idaho
Burton	La Follette	Thomas, Okla.
Bushfield	Langer	Thomas, Utah
Butler	Lucas	Tobey
Byrd	McClellan	Truman
Capper	McFarland	Tunnell
Caraway	McKellar	Tydings
Chandler	Maloney	Vandenberg
Chavez	Maybank	Wagner
Clark, Idaho	Mead	Walgren
Clark, Mo.	Millikin	Walsh, Mass.
Connally	Moore	Walsh, N. J.
Danaher	Murdoch	Wheeler
Davis	Murray	Wherry
Downey	Nye	White
Eastland	O'Daniel	Wiley
Ellender	Overton	Willis
Ferguson	Pepper	Wilson

The PRESIDING OFFICER. Eighty-four Senators have answered to their names. A quorum is present.

Mr. DOWNEY. Mr. President, while it is my intention to support the Maloney amendment, even assuming it will be agreed to, I think that to Congress and the Executive will still be left the task of finding a new formula for the relationship between wages and the cost of living. It seems to me the relevant issues are most confused at the present time, and that we should immediately address ourselves more earnestly to the important solution of the task of determining just wages than we have yet done. Personally I think it is most unfortunate, in view of the debates which are now

going on that there is considerable uncertainty—at least I speak for my own mind—as to what is the true cost of living. As all of us know, the Bureau of Labor Statistics has fixed the cost of living presently at a figure around 123 or 124 percent compared with 100 percent as of January 1, 1941, and has declared that straight time hourly earnings during that period of time have risen almost exactly the same percentage according to the statistics the Bureau has. The representatives of two great labor groups, after many months of investigation, have prepared a most exhaustive report in which their claim is that over the period of time in question the cost of living has advanced, not 123 percent, but 143 percent.

I hold in my hand, Mr. President, a document entitled, "Recommended Report for the Presidential Committee on the Cost of Living by Labor Members R. J. Thomas, C. I. O. Labor Member, and George Meaney, A. F. of L. Labor Member." I ask unanimous consent to have inserted in the RECORD at this point in my address, the first five pages of that report, which contain a summary of the findings of the report itself.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

RECOMMENDED REPORT FOR THE PRESIDENTIAL COMMITTEE ON THE COST OF LIVING

I. SUMMARY Conclusion

This report finds that the cost of living has risen by at least 43.5 percent from January 1941 to December 1943. This conclusion is highly conservative. It is based largely on data supplementary to those used by the United States Bureau of Labor Statistics in computing its cost of living index. A review of the principal deficiencies of that index and a statement of these deficiencies in quantitative terms confirm both the magnitude of the actual rise in living costs and the conservative character of our finding.

In view of the fact that the cost of living has actually risen by at least 43.5 percent since January 1941, whereas the B. L. S. index shows a rise of only 23.4 percent, we conclude that the B. L. S. cost-of-living index is unreliable as a basis for wage adjustments during the war period. Sole reliance upon it will result in continued serious injustice to wage earners and lower-salaried workers.

Procedure

Your committee has reviewed, to the extent that time has permitted, all the available statistical data bearing on changes in the cost of living. It has consulted at length with Government experts. It has interviewed many technical and business experts conversant with developments in retail markets. It has made use of extensive field surveys conducted by both the American Federation of Labor and the Congress of Industrial Organizations. And finally, it has profited by reports from hundreds of workers and housewives. Among all these witnesses, laymen and experts alike, there is unanimity that the cost of living has mounted far beyond the increase indicated by the B. L. S. index.

Deficiencies of the B. L. S. index

Failure of the index to reflect all the wartime increase in the cost of living is the result of several factors:

1. The Government's price control efforts and subsidy programs have been concentrated upon those food items which are currently priced for inclusion in the index. In consequence, according to special surveys in a

number of cities, the prices of other foods, important components of workers' budgets, have risen nearly twice as fast as those priced by B. L. S. Thus, while the food index has been artificially held down by the differential administration of the price control laws and subsidy programs, the actual cost of food as a whole has not been held down. A similar result has occurred in connection with the rent component of the index. Notwithstanding this finding, the committee wishes to commend the O. P. A. for its efforts to control prices. We need more price control, not less.

2. The construction of the index is such that it does not take adequately into account the disappearance of cheaper consumption items and the shift toward higher-priced lines. This deficiency is most striking in the case of clothing where trading up has been most clearly visible, but it is a factor also in the case of housefurnishings, food, and even housing.

3. The effect of quality deterioration, which has been very marked during this period, is almost completely neglected by the B. L. S.

4. The index is based on returns from only 34 of the largest cities (56 in the case of food prices). Retail price changes in these cities are not typical of price changes in all urban areas because the congestion resulting from wartime military and industrial activity has been most serious in smaller cities. In such areas, heavy immigration has produced such pressure on limited housing, stores and other facilities that prices have been driven up faster than in the more stable metropolitan areas. Our findings are conservative for the reason that they do not take this factor into account, except in the case of rent.

It should be emphasized that all the errors and inadequacies of the B. L. S. index are in the same direction: they all understate the price rises which have occurred since January 1941. The cumulative character of the deficiencies of the index underlines its inadequacy as an accurate basis for wage adjustments.

FINDINGS

1. The living costs of families of wage earners and lower salaried workers have risen by at least 43.5 percent between January 1941 and December 1943; that is, these families require \$143.50 to purchase the equivalent of goods and services which cost them \$100 in January 1941. The B. L. S. index reflects a rise of only 23.4 percent during this same period.

2. Large differences between the actual rise in living costs and the rise shown by the B. L. S. index were found for the principal components of the index: food, clothing, rent, and housefurnishings. Our findings regarding the increased cost of these types of items are shown in the accompanying table, along with the B. L. S. figures for the same period. (For purposes of this report, we have made no independent appraisal of "Miscellaneous" and "Fuel.")

Percentage price increases, January 1941 to December 1943 findings of this report and Bureau of Labor Statistics index

Commodity group	Findings of this report	Bureau of Labor Statistics index
Food.....	74.2	40.2
Clothing.....	72.2	33.7
Rent.....	15.0	3.0
Fuel, etc.....	8.6	8.6
House furnishings.....	62.0	27.8
Miscellaneous.....	15.9	15.9
All commodities.....	43.5	23.4

NOTE.—The figure for "all commodities" is a weighted average, obtained by adding the weighted percentage increases shown for the individual commodity groups, each group being multiplied by a weight equal to its proportion of the total of wage-earners' expenditures as calculated by the Bureau of Labor Statistics for January 1941.

3. In the case of food, our findings of an increase of 74.2 percent (compared to 40.2 percent indicated by B. L. S.) are confirmed by official Government data wholly independent of those used by B. L. S. While consumer expenditures for food rose 70 percent during this period (Department of Commerce), civilian food consumption in terms of physical quantity declined by 3 percent (Department of Agriculture). Consequently, combining these two figures, the price per unit of food has risen 75 percent (170 divided by 97 equals 175).

4. In the case of clothing, our conclusion that costs have risen by 72.2 percent contrasts sharply with the B. L. S. estimate that retail clothing prices have risen only 33.7 percent. Our finding relies heavily upon a special study of price changes shown by mail-order catalogs of Sears, Roebuck & Co. and Montgomery Ward & Co. Independent Government data show that a finding of 72.2 percent increase is conservative. Department of Commerce figures report an increase in expenditures for apparel of 57 percent; Federal Reserve Board data indicate a decline in volume of 10.7 percent. Thus the unit price has risen 76 percent (157 divided by 89.3 equals 176).

5. Principally because its coverage is confined to 34 large cities, the B. L. S. rent index grossly understates the actual extent of rise in wartime rentals. The index shows an increase of 3 percent; the true increase is at least 15 percent.

6. The cost of housefurnishings has risen by at least 62 percent—considerably more than double the increase shown by B. L. S. Findings of the mail-order survey were utilized in this section also.

7. We have not at this time attempted to arrive at independent findings for the other major groups in the index. In the case of fuel, electricity, and ice, we believe the index to be substantially accurate. In the case of the "miscellaneous" group, our preliminary findings indicate that the B. L. S. index greatly understates the actual increases in the costs of the diverse items included in this general category. Our investigations in this field have not been completed in time for inclusion in this report. We are continuing, however, to assemble data bearing on price changes of items in this important group. It is apparent that our findings with regard to the over-all increase in the cost of living will need to be adjusted upward when these data become finally available.

8. In arriving at our findings regarding increases in the living costs of wage earners and lower salaried workers, we have made no attempt to take into account certain additional factors which have resulted in significant increases. It is common knowledge that black markets are all too frequent, yet we have not considered them. Secondly, shifts in the distribution of family expenditures caused by wartime conditions have had a marked influence on the cost of living. These, too, have not been taken fully into account in the findings of this report, though they have greatly contributed to increased living costs. In addition, there are several other similar factors which are discussed in the concluding section.

Mr. BANKHEAD subsequently asked and obtained leave to have printed at this point in the RECORD the following article:

C. I. O. AND A. F. OF L. REPORT 43.5 PERCENT RISE IN COSTS—FEDERAL INDEX IS ASSAILED AND 28.5 PERCENT WAGE LAG ALLEGED—FINDINGS CHALLENGED

(By Charles W. Hurd)

WASHINGTON, January 29.—The labor members of the Presidential committee on the cost of living stated in a report today that living costs had risen 43.5 percent since January 1, 1941, instead of 23.4 percent as given

by the Bureau of Labor Statistics of the Department of Labor.

The labor members of the five-member committee are R. J. Thomas, president of the United Automobile Workers, C. I. O., and George Meaney, secretary-treasurer of the American Federation of Labor. The committee is headed by William H. Davis, Chairman of the War Labor Board, and the report of the labor members was submitted to him.

The report by the labor members drew quick response from the industry members of the committee and from A. F. Hinrichs, Acting Commissioner of Labor Statistics.

Mr. Davis also commented in a statement, saying that the report was "not in any sense a report of the committee."

The Senate subcommittee which is studying the economic problems of white-collar workers said that it would probably meet next week to hear the reply of the Bureau of Labor Statistics to the report by the labor members of the President's committee.

CAUTION BY INDUSTRY MEMBERS

The industry members of the President's committee, H. B. Horton, treasurer of the Chicago Bridge and Iron Co., and George K. Batt, vice president of Dugan Bros., Newark, N. J., made clear that the committee had taken no final action and that "the committee is under the responsibility not to make a final report to the President and to the public until careful consideration has been given to all the relevant data."

Mr. Hinrichs called attention to a survey made in October by an impartial committee of experts headed by Prof. Frederick C. Mills, of Columbia University, which "after months of careful study found that the index of the cost of living does satisfactorily measure changes in prices."

"Surely," Mr. Hinrichs declared, "if they had evidence that food prices, for example, have gone up twice as rapidly as is indicated by the figures of the Bureau of Labor Statistics, this fact would not have escaped attention of this committee of experts."

The report of the labor members declared that the index of the Bureau of Labor Statistics was worthless as a gauge in adjusting wages to the cost of living, and it contended that there was "a discrepancy of 28.5 percent between the rise in living costs and the wage adjustments (15 percent rises) allowed under the Little Steel formula."

Food costs, it added, had risen 74.2 percent instead of the officially acknowledged 40.2 percent; clothing, 72.2, instead of 33.7; rent, 15, instead of 3; and house furnishings, 62, instead of 27.8.

REPORT HEAVILY DOCUMENTED

The report, heavily documented, represented far-reaching studies by the C. I. O. and the A. F. of L.

"From 1940 to 1943, according to the Department of Commerce," the report said, "consumer expenditure rose by 36.8 percent, from \$65,700,000,000 to \$90,500,000,000. This increase is less than the rise in the cost of living, as shown in this report. In terms of real goods, consumer expenditures here declined since 1940."

It was contended that the statistics of the Labor Department bureau were inaccurate because their range of background was too narrow and that the Office of Economic Stabilization contributed to distortion of the price picture by confining price controls generally to the items studied by the bureau.

The report's conclusions were based on a broadened study of the basic items studied by the bureau—food, clothing, rent, and house furnishings.

The report stated that B. L. S. figures took no account of quality depreciation except as this entered into broad averages, of the disappearance of many cheaper lines of goods, of the fact that far more persons must eat meals away from home than formerly or of other little things that added up to big differences.

As an instance of the little things, the labor members quoted from a report of the Hotel and Restaurant Workers International Union, A. F. of L., that where seven or eight pieces of meat formerly went into a stew, the number now was five, and the pieces were smaller.

The 15-cent ham sandwich, it was added, had advanced to 25 cents, with only half the ham content; chicken salad often was more tuna fish than chicken, and codfish cakes, normally 80 percent fish and 20 percent potatoes, now were 50-50.

"The Government's price-control efforts and subsidy programs," the report stated, "had been concentrated upon those food items used in the B. L. S. index and, in consequence, according to special surveys in a number of cities, the prices of other foods, important components of workers' budgets, have risen nearly twice as fast as those priced by B. L. S."

"Thus," the report went on, "while the food index has been artificially held down by the differential administration of the price-control laws and subsidy programs, the actual cost as a whole has not been held down. A similar result has occurred in connection with the rent-component index. Notwithstanding this finding, the committee wishes to commend the O. P. A. for its efforts to control prices. We need more price control, not less."

The report asserted that the index failed to take into reckoning such factors in living costs as black markets, various wartime changes in family expenditures, the cost of moving to new jobs, dual residences maintained by war workers to be near their jobs, increased taxes and War bonds and other forms of savings that decrease disposable income.

In its discussion of rents the report said: "During the war the large cities have felt the impact of the war primarily on the periphery. For example, war industry in the metropolitan New York area has been largely confined to the satellite northern New Jersey cities and to the outskirts of the city itself. It is precisely in such cities that rents have moved up most."

"Between 1939 and early 1942 rents in New York City rose only seven-tenths of 1 percent, according to the index, whereas rents in the medium-sized cities of northern New Jersey, which are not sampled but are weighted by the sample taken within New York City, rose from 3 to 6 percent in the same period. Yet northeastern New Jersey comprises approximately three-sevenths of the population weight given New York City in the index."

INDUSTRY GROUP STATEMENT

The statement by the industry members of the committee was as follows:

"The industry members of the President's Cost of Living Committee, in a statement to the press, said that no final action had been taken by the committee and that no report had been transmitted through the committee to the President.

"News dispatches to the effect that cost of living had increased 43.5 percent since January 1, 1941, instead of the official figure of 23.5 percent, are based on a statement prepared by labor representatives or the committee. There has been no committee finding on this point.

"On Tuesday, January 25, 1944, the committee received a statement prepared by representatives of the C. I. O. and the A. F. of L. which gives the position of these two organizations on the accuracy of the B. L. S. index of living costs.

"This statement is a voluminous and detailed document. It contains not only an examination of technical features of the Department of Labor's index number of the cost of living but undertakes to survey the movement of large numbers of prices of

individual goods and services. It introduces a figure for the cost of living that is widely at variance with the official B. L. S. index and challenges the methods used in the construction of that index.

FULL EXAMINATION DEMANDED

"If the President and the public are to receive a careful, scientific, unbiased report on what has actually happened to the cost of living in this country, it is the duty of all members of this special Presidential committee to subject any material, whether submitted by labor, by industry, or by the public members of the committee, to the most careful examination.

"To review the statement now submitted by labor representatives is a considerable undertaking. It cannot receive such examination within a few days. All of the observations, estimates, and conclusions which such a report necessarily contains are obviously subject to wide differences of interpretations and disagreements on facts and, in fairness to industry, labor, and the public, ought to be reviewed by competent and accepted authorities.

"It is the opinion of the industry members of the President's committee that the committee is under the responsibility not to make a final report to the President and to the public until careful consideration has been given to all the relevant data."

Mr. Davis said that the C. I. O.-A. F. L. report was submitted to the committee Tuesday. He added:

"It is a statement of the contentions of the C. I. O. and the A. F. L. as to the cost of living and the B. L. S. index. It is not in any sense a report of the committee. Copies were given to the industry members of the committee, who will submit to the committee their comments in due course. A copy has also been given to the B. L. S. for comment. These comments and all other relevant data will, of course, be carefully studied before the committee makes its report to the President."

Mr. Hindrich's statement in defense of the B. L. S. figures was as follows:

"William H. Davis, chairman of the President's committee on the cost of living, has given me a copy of the preliminary draft of a recommended report submitted by the two labor members to the committee. Mr. Davis asked the Bureau of Labor Statistics to study the document carefully and to submit its comments and criticisms for the consideration of all of the members of the President's committee.

EARLY ACTION PROMISED

"We shall do so as quickly as possible after we receive copies of the statistical tables and other data on which the report is based. Obviously we need to know about the statistics the unions collected on prices before we can prepare an adequate report. To date no such information has been transmitted to the Bureau.

"While I cannot comment on the report in detail at this time, it may be noted that as recently as last October an impartial committee of experts, headed by Prof. Frederick C. Mills, of Columbia, after months of careful study found that the index of the cost of living does satisfactorily measure changes in prices.

"This committee was appointed by the president of the American Statistical Association on the request of the Secretary of Labor. It invited the research directors of all the unions in the country to appear before it and many of them did testify. Surely if they had evidence that food prices, for example, have gone up twice as rapidly as is indicated by the figures of the Bureau of Labor Statistics, this fact would not have escaped attention of this committee of experts.

"The accuracy of the Bureau of Labor Statistics figures was generally accepted from January 1941 to May 1942. During this pe-

riod, while the Bureau of Labor Statistics food-price index rose 24 percent, the index was used in about 40 percent of the union contracts as a basis for adjusting wages. The Stabilization Act banned this use or it might have continued.

"Since May 1942 the index shows a further 16-point rise in food prices, bringing them 40 percent above January 1941. This report places the food-price rise at 75 percent.

"Here is a common-sense test anyone can apply: The food you could buy with a \$10 bill in January 1941 would have cost \$12.40 in May 1942, when nearly half the union contracts accepted the index as good enough to tie their wages to during the life of the contract. Then retail-price control became effective. The Bureau of Labor Statistics index shows that the January 1941, \$10 basketful would now cost \$14. The Thomas-Meaney report says \$17.40. Every retailer knows that food prices have not gone up twice as fast since price control as before and no housewife would claim it."

Mr. DOWNEY. Mr. President, I have discussed with statisticians in the Bureau of Labor Statistics their view of the report the summary of which, I have just had inserted in the RECORD. While they have been helpful to me in what they have said, it is their statement that unfortunately this report has come to them so lately that they have not as yet been able fully to consider it and to prepare their analysis of it. While I have been promised some material in writing from them discussing certain limited features of the report, the written material has not yet come to me. In fairness, I must state that in a general way they challenge the accuracy of the findings of this labor report.

Unfortunately, Mr. President, I myself have not been able to carry on a sufficient investigation which would enable me to speak with certainty as to the accuracy of the conclusions stated in this labor report. But I must admit there are in the report two short paragraphs which, it seems to me, seriously challenge the figures of the Bureau of Labor Statistics.

In order properly to weight the factors in reference to the increased cost of food, it is necessary to consider many hundreds of different items, qualities, and categories and different conditions in many places in the United States. The weighting and measurement of the items going into the cost of living, so far as food is concerned, is a most difficult and, I may say, exhausting task. But the labor members claim their findings are supported by two sets of figures from other governmental bureaus. As I have already said, two short paragraphs, at least, bring to my mind the conclusion that the Bureau of Labor Statistics is upon the defensive; and until it answers these paragraphs my mind will not be satisfied.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. DOWNEY. I yield.

Mr. AIKEN. I understand the report is not an official report of the committee, but is merely a report by the labor members of the committee. Is that correct?

Mr. DOWNEY. That is correct.

Mr. AIKEN. Does the Senator understand that the public members of the committee take issue with the labor members on the figures they submit in their report?

Mr. DOWNEY. I do not know whether that is the case. I understand that the report is not their report, so I presume they would not agree with it.

Mr. AIKEN. I only know from a newspaper account of the report that there was a difference of opinion in the committee.

Mr. DOWNEY. I thank the Senator.

Mr. President, I dislike to make any ex parte presentations. My experience has been as a trial lawyer having an antagonist sitting across the table, ready to point out my mistakes. I exceedingly dislike to present one side of the issue, and I regret I do not have contrary data available.

The first paragraph I should like to read is as follows:

In the case of food, our findings of an increase of 74.2 percent (compared to 40.2 percent indicated by Bureau of Labor Statistics) are confirmed by official Government data wholly independent of those used by Bureau of Labor Statistics.

Mr. BANKHEAD. Mr. President, will the Senator yield for a question?

Mr. DOWNEY. I yield.

Mr. BANKHEAD. Does the statement indicate what period was used as the base in determining an increase in agricultural prices? In other words, did they do as most of the agencies have done, use the lowest base for agricultural prices which has prevailed since the war—the period from 1935 to 1939?

Mr. DOWNEY. No, Mr. President; I understand that the comparison is made as between the prices existing January 1, 1941, and perhaps in October or November 1943. I have the entire report here. As I say, it is exhaustive, and is an exhausting report to read, and I have not yet been able to go over it. But I do not think the implications made by the Senator from Alabama are applicable.

I should like to read this paragraph without interruption, and then I should be very glad to have interruptions:

3. In the case of food, our findings of an increase of 74.2 percent (compared to 40.2 percent indicated by B. L. S.) are confirmed by official Government data wholly independent of those used by B. L. S. While consumer expenditures for food rose 70 percent during this period (Department of Commerce), civilian food consumption in terms of physical quantity declined by 3 percent (Department of Agriculture). Consequently, combining these two figures, the price per unit of food has risen 75 percent (170 divided by 97 equals 175).

In other words, Mr. President, this group of labor economists has ascertained from the Department of Commerce the total amount of money paid during some period of time—let us say, in the latter part of 1943—as compared to the total amount paid by civilian consumers over a similar period of time 3 years ago. Having compared that, then they have determined the actual amount of food consumed by the civilian population in the two periods. On the basis of that index it would appear that the price per unit of food has risen 75 percent.

When I discussed that statement over the telephone this morning with representatives of the Bureau of Labor Statis-

tics, I gleaned, I think, two principal objections which they had to the accuracy of that index. One is that the Department of Commerce and the Department of Agriculture, in figuring the amount of food available in the respective periods, and the amount paid for it, included liquor; and the Bureau of Labor Statistics has disregarded that item in figuring the cost of living. The statement was made that the cost of liquor has risen more than the cost of other foods, and that in any event it was not an item which should properly be calculated in determining the cost of living. I think the statement also was made that the Bureau of Labor Statistics does not take into account the increase in the price of food in hotels and restaurants, while the figures relied upon in the report do take that into account. The statement also was made that because of the shift of some persons from farms to cities, certain other factors entered into the situation, and that those factors militated against the accuracy of the figures.

Now I pass on to the next paragraph, which is as follows:

4. In the case of clothing, our conclusion that costs have risen by 72.2 percent, contrasts sharply with the B. L. S. estimate that retail clothing prices have risen only 33.7 percent. Our finding relies heavily upon a special study of price changes shown by mail-order catalogs of Sears, Roebuck & Co., and Montgomery Ward and Co. Independent Government data show that a finding of 72.2 percent increase is conservative. Department of Commerce figures report an increase in expenditures for apparel of 57.0 percent; Federal Reserve Board data indicate a decline in volume of 10.7 percent. Thus the unit price has risen 76 percent (157 divided by 80.3 equals 176).

Mr. President, upon inquiry of various agencies of the Government, I was told that for a late period in 1943, as compared with a similar period 3 years before, the actual amount of clothing being consumed by the civilian population was more than 10 percent less than it had been 3 years ago, while the Department of Commerce shows that the amount of money paid for clothing by the American people has increased 57 percent.

Mr. AIKEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. TUNNELL in the chair). Does the Senator from California yield to the Senator from Vermont?

Mr. DOWNEY. I yield.

Mr. AIKEN. Has the Senator the over-all amount which has been paid for clothing?

Mr. DOWNEY. By civilians?

Mr. AIKEN. The higher quality of clothing purchased is undoubtedly reflected in the figures. For example, we see more fur coats on the working girls now than we have ever seen before. They have more money with which to buy them. They are buying better clothes than they ever bought before. I also understand that it is becoming more difficult to obtain low-cost clothing.

Mr. DOWNEY. The penetrating mind of the Senator has gone to the heart of this question. What he suggests, of course, should be considered. In order to determine the validity of these figures

we must know how the quality of the clothing now manufactured in the United States compares with the quality of clothing manufactured 3 years ago.

Mr. AIKEN. I am very glad that so many persons can afford better clothes than they ever had before; but, of course, that is reflected in the percentages of costs which are shown by the labor economists. Therefore the percentages do not show the increase which would prevail if the people had bought the same grade of goods, in the same quantities, that they bought, say, 3 years ago.

Mr. DOWNEY. While my mind is not as penetrating as that of the distinguished Senator, I immediately thought of the same question, that we must determine how the quality of all the clothes, at present, weighted together compares with the quality of the clothes sold 3 years ago. In the case of shoes everyone admits a marked deterioration. Some authorities claim that the shoes now being manufactured do not have half the wearing qualities of shoes manufactured 3 years ago. I do not know whether that statement is correct, but it comes to me with some authority.

It is generally agreed that while millions of individuals are buying clothing of a better quality than they bought 3 years ago, if we compare all the clothing now being manufactured in the United States with the clothing being produced 3 years ago, the quality has deteriorated rather than increased. It is true that many girls who were working, we will say, in textile industries and receiving the unhappy wage of \$18 a week, are now working in manufacturing establishments and may be making \$50 a week. They now wear fur coats instead of threadbare garments, and pay more for them.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. DOWNEY. I yield.

Mr. PEPPER. A few days ago the Director of the Bureau of the Census, Mr. J. C. Capt, appeared before a committee of which I am a member, and testified that, according to the figures of the Bureau of the Census for 1939, of all the people in the United States who received as much as \$100 a year and were employed, one-half the total number received less than \$1,200 a year compensation from wages or salaries. That was verified again this morning by Dr. Hinrichs, of the Bureau of Labor Statistics. That means that the gross income of half the total working population of the country, those who derived their income from either wages or salaries, was less than \$1,200 a year. I ask the Senator this question: If half of all the working people in the United States who receive wages or salaries receive a gross amount of less than \$1,200 a year, does he not agree that not many fur coats are bought in that group of our population?

Mr. DOWNEY. I agree with the distinguished Senator from Florida that not very many can be bought with such wages.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. DOWNEY. I yield.

Mr. AIKEN. A large percentage of those receiving less than \$1,200 a year

now live on farms. The average which the Senator gives is for the whole country.

Mr. PEPPER. This morning Dr. Hinrichs assured us that those figures did not include farmers who do not receive either wages or salaries. It was testified that the 8,000,000 farm workers—proprietors, tenants, and others—were not included in the figures which I have just given.

Mr. AIKEN. The Bureau of Agricultural Economics states that about 10 percent, or 3,000,000 of all the people living on farms, are living on an income of less than \$130 a year for a family of four, and 10 percent more are living on less than \$430 for a family of four.

Mr. PEPPER. I think that is absolutely correct. That corroborates the point that the fur coats to which the able Senator from Vermont made reference are not being bought by the poorer elements of our population, and the war has not materially changed the status of those people, except, in some instances, to make them worse off.

Mr. AIKEN. That is very true. However, the figures which have been submitted to me show that 60,000,000 people in this country are now living on an average income of less than \$2,350 a year for a family of four. We regret that. On the other hand, I think we can take a certain amount of pride in the fact that 70,000,000 people in this country are now living on incomes of more than \$2,350 for a family of four. Of course, it is those people who are buying fur coats. However, we should not stop until we raise as many as possible of the low-income groups up to the point where they can have strawberries out of season and fur coats, too.

Mr. PEPPER. Does the Senator mean that 70,000,000 persons in the United States are receiving annual incomes in excess of \$2,350?

Mr. AIKEN. Per family of four.

Mr. PEPPER. The Senator does not mean that 70,000,000 families are receiving such incomes, because there are only about 30,000,000 families.

Mr. AIKEN. No. Seventy million people are living on incomes which average \$2,350 or more per family of four. That, of course, is a very high level of income for those people.

Mr. DOWNEY. Mr. President, I admit the logic of the question propounded to me by the distinguished Senator from Vermont. I wish to say to him that it is my information, after querying several departments of the Government, that if we weight all the clothing now produced in the United States against what was being produced 3 years ago, we find that there is a substantial deterioration in quality. Certain kinds of garments have been improved. Certain classes of people are wearing better garments. However, taking the people as a whole—the millionaire, the poor man, and everyone in between—the quality of their garments has deteriorated.

If the figures of the Department of Commerce and of the Federal Reserve Bank are correct, that there is 10 percent less clothing and we are paying 57 percent more for it, that means that

there has been a 75 percent increase in the cost of clothing. Bearing witness as one individual, let me say that, considering depreciated quality, I know that in the case of my family the cost of clothing has gone far beyond what the Bureau of Labor Statistics index seems to indicate.

Let me say to the distinguished Senator from Vermont that all he has to do is to consider some of the great industrial groups of New England and other sections of the country to realize how very correctly the Senator from Florida spoke in expressing sympathy for them. Prior to the war textile workers were receiving only \$18 a week when they could obtain work. Their annual incomes were not 52 times \$18. They probably did not receive annual incomes of as much as 75 percent of that amount.

Because of long hours of overtime, it is true that wages in the textile industry have gone up to an average of \$28 a week. But when we consider the deductions for taxes, and other legal withdrawals from the wages of such workers, very few workers in textile industries have as much as \$30 or \$90 a month left. In the fertilizer industry the situation is worse. In the shoe industry it is worse; and in the needlecraft industry it is worse.

When we talk about a nation rolling in wealth, with plenty of money to spend, let us realize that that may be true of many businessmen and many workers in the preferred groups; but it is not true of tens of millions of workers. Tens of millions of workers are trying to pay the increased cost of living with incomes of \$75 or \$86 a month; and with the prices now prevailing no family in America can exist in any kind of decency on such an income.

Mr. President, of course there are other groups in America now who are in such a destitute condition that even these classes of workers are by contrast fortunate. Our pension payments to the indigent, elderly people in the United States average little more than \$25 a month. The misery and the sacrifices which have been entailed upon our pension recipients by the increase of 23 percent in the cost of living should make any decent man weep.

In old-age insurance we are giving retired workers past 65 years of age an average of about \$23 a month, and they are trying to live on that. Yes; there are millions of people in the fixed-income groups, some of them whose supporters are in the service of the United States, some of whom are widows or dependents of veterans who have passed away, who are receiving incomes so small that they cannot live with any degree of comfort. If any of us here had to live on two or three times as much per month, we would die under the rigors of that kind of indecent living.

So when we lightly say that an increase of 25 percent in the cost of living has been overcome by increased wages, or that adding 7 percent to the cost of food will not make very much difference, we forget millions who are measuring out the pennies to buy a loaf of bread, who go to bed hungry every night, who are suffering from malnutrition, and

whose troubles are increased by every cent added to the cost of living.

I have no doubt, Mr. President, that in the United States today, counting the low-paid workers in our great industries, 40,000,000 or 50,000,000 people are on fixed incomes, our pensioners, and many others who are living under conditions of unhappiness which we can scarcely describe. To them a 23-percent increase in the cost of living—or 43 percent, if the labor groups are correct—is, indeed, most unfortunate.

Mr. President, it is all very well to say, "Take off the subsidy and let food go up another 7 percent" if you have enough money so that you do not have to go to bed hungry at the end of the day. But if you do not have enough, with prices even as they are, you will look with fear and trembling upon a 5-percent or 10-percent or 15-percent increase.

Let anyone think that I am exaggerating, I assert that within the last 3 or 4 months I have talked with many pensioners whose situation is so unhappy, so filled with sacrifice and misery, that I do not want to express it. Anyone who knows that pensions are paid only to people who have no other way of living—and the average is little more than \$20 a month—dare not, in my opinion, deny the need which exists.

So, Mr. President, it is my intention to support the Maloney amendment. I think there are many grounds upon which it could be defended and supported. But the Senate is thoroughly familiar with the arguments, and I shall not intrude on the time of the Senate any further. I even regret that I have been compelled to state before the Senate dismal, melancholy, and unhappy facts. But they are facts, and they should be presented by someone.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. DOWNEY. I yield.

Mr. AIKEN. The Senator has stated that he will support the Maloney amendment which would permit the payment of subsidies amounting to a billion and a half dollars. That would amount to about \$12.50 per capita. Does the Senator from California think that \$12 per capita given to all persons, including persons of very low incomes, in the event they got it—and they would not get it because the subsidies on meat and butter favor persons with high incomes—would be better than the payment of all the subsidy funds to the persons with small incomes? Does he think that persons with incomes of \$26.50 a month, which is the average for those receiving old-age assistance, would thereby be benefited more than they would be if a greater subsidy were given to them, and if we let persons earning \$3,000 or more pay their own bills?

I agree with the Senator in reference to the picture he has painted of the condition of approximately 20,000,000 low-income persons. However, I object to distributing one and a half billion dollars to approximately 130,000,000 people, when we should be channeling it directly to the assistance of the persons who need it most.

Mr. DOWNEY. I may say to the distinguished Senator that I am in agreement with him. I should prefer to see the incomes of the low wage earners and unfortunates of the Nation raised to some decent standard. Of course, that would be right. I would be in agreement with any kind of a proposal which the Senator would submit to accomplish that end. However, I see nothing of the kind in sight.

Let me say to the distinguished Senator that I am only taking the figures which the distinguished and beloved Senator from Alabama gave in showing that the elimination of subsidies would increase the food costs 7 percent. I realize the truth of what the Senator has said, namely, that most of the people to whom I have referred cannot buy any butter or milk. They are living perhaps on dry bread and beans. It is very possible that the subsidy would not help them as much as we hope. However, let me suggest that a certain group living above the level of subsistence, malnutrition, or starvation, would profit by the subsidies. Take for example the textile workers who, as I have said, have less than \$75 or \$80 left per family when they get through paying their bills. They would be helped by saving that 7 percent.

Moreover, I wish to say to the distinguished Senator that I am told by officials of the O. P. A. that if we now break the line on food prices the entire line will break and let through the inflationary flood. The Senator from Connecticut [Mr. MALONEY] has already expressed that situation very ably, and I agree with him.

Mr. AIKEN. I agree with the Senator, and I maintain that the only fair and workable policy is to extend the subsidy directly to those people who need it, and not contribute further to the threat of inflation by extending the subsidy to those who already have an adequate or excessive purchasing power.

Mr. DOWNEY. I understand the logic and the force of what the Senator is saying, and I agree with him.

Mr. AIKEN. In order to give 20 percent of the people the same help through a general overhead subsidy that they would receive through a direct subsidy we would have to spend five times as much. It would be necessary to appropriate and spend five times as much to subsidize 100 percent of the people as to subsidize 20 percent of the people the same amount.

I maintain that all this planning for an overhead subsidy is not going to be of adequate help to the low-income group who receive from \$20 to \$40 a month. This group includes veterans of the Spanish-American War; it includes a very large number of veterans of the last war; it includes dependent children; it includes 2,200,000 old-age pensioners; it includes approximately 400,000 widows who are living on annuities which have been bought during past years; it includes a certain number who have benefited under the Federal old-age insurance plan. I think we are doing a great wrong when we insist on subsidizing 75 or 80 percent of the people who are not

in the low-income class, although some of them, in fact a good many of them, are on the border line, in order to help the few who are desperately in need.

I had a letter this morning from a woman with five children who was struggling desperately to get along. She does not know where her husband is and she is afflicted with some kind of nerve paralysis. She is not responsible fully for her present condition; she did not bring on this war; she did not have anything to do with increasing the cost of living. We should help people such as she. We should not be spending billions of dollars to subsidize Park Avenue and people who patronize the large downtown hotels in Washington and New York and who go to night clubs. Yet that is what we are doing. When the roll-back was put on meats the price of porterhouse, tenderloin, and the best ham was reduced 11 cents a pound, but the lower-priced cuts of meat were rolled back from nothing up to from 3 to 3½ cents a pound and the price of soup bones was not rolled back at all.

Mr. DOWNEY. I do not want to occupy the floor too long; I have already occupied it longer than I had intended to. Let me say that I think what the distinguished Senator has said is pertinent and persuasive; but we have not covered the entire case.

I must say to the distinguished Senator, however, that I would rather not engage further in this colloquy, because the able arguments the Senator is making involve the whole subsidy issue that has been threshed out by all of us, and I do not want to burden the Senate by repetition.

Mr. AIKEN. Mr. President, there is one more comment I should like to make. The Senator from California is obviously and rightly in favor of raises to low-salaried people. However, that would be far from a solution, because, as of October, 10 percent of all the families in the United States had no wage earners in the family. Some of them undoubtedly were wealthy people, but most of them undoubtedly were very poor. So, by raising the wages of underpaid firemen, police, and school teachers, we would not meet the problem fully because there are so many families that have no wage earners at all.

Mr. DOWNEY. I appreciate all of what the Senator has said, and I applaud most of it.

Mr. AIKEN. I am sure that the Senator and I both have the same objective, which is to assure a decent living to every deserving person in this country.

Mr. DOWNEY. I am sure that is true. Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. DOWNEY. I yield to the Senator from Alabama.

Mr. BANKHEAD. I regret that I did not have the privilege of hearing all that my good friend the Senator from California said. I know his heart is right; I know his sympathy and interest is with the poor and the suffering, and I know that he does not want injustice done to any workingman; but as I left the Senate Chamber, I heard the Senator read an extract from a report which I under-

stood was about to be issued. I ask if it has been released?

Mr. DOWNEY. It was released by the labor members; yes.

Mr. BANKHEAD. By the labor members?

Mr. DOWNEY. Yes. The Board claimed it was a premature release, because the Board was not ready to release it. That is correct.

Mr. BANKHEAD. I do not know what probative effect a release of that kind is entitled to.

I am sympathetic with labor. I believe in good wages; I believe in good prices; I believe, in view of the great debt owed by the Government, that we will have to operate on a higher-priced economy than we have in the past, until we have an opportunity to collect taxes sufficient not only to serve the large debt but to reduce it. I do not think that can be done in a depression type of economy.

I merely desire the Record to be clear so that the figures the Senator has presented, ex parte figures which do not correspond with or represent the sentiments of the War Labor Board, so far as we know and so far as there has been any expression, may not go unchallenged. I do not want the statement to influence the subject of subsidies, though it may have proper effect when the question of wages is considered.

I said here today that there was no direct result or connection between wages of labor and the subsidy question, because the subsidy involves such a small proportion of the income that labor is now receiving that I do not consider it as being essential to the proper and fair adjustment of labor's wages. But I doubt if today's proceedings should close and the CONGRESSIONAL RECORD should go all over the country if it is likely to leave the impression that this partial report, this incompleting, undigested, and unapproved report of the War Labor Board is accepted as a basis for showing the cost of living at this time when it is so far out of line with the figures prepared by the official statistical agencies of the Government.

Mr. DOWNEY. Mr. President, I regret the distinguished Senator did not hear all my remarks, because I think I qualified my statement so that no one reading the RECORD could misunderstand. The figures presented by me are from the labor members of the War Labor Board. They do not represent the report of the War Labor Board. They are contradicted by the Bureau of Labor Statistics. I cannot at this time vouch for their accuracy. They were put into the RECORD with the hope that we in the Congress will later have this issue very clearly presented to us. I think properly the Banking and Currency Committee could undertake to do that. I did discuss one particular paragraph, which, I may say to the Senator, carried conviction to me, but my mind is still open on it. Very possibly there is some explanation to show why these figures do not represent the conclusion drawn by the members of the Labor Board. I discussed that at some length while the Senator was absent.

Mr. BANKHEAD. Mr. President, I have in my hand a news article sent from Washington to the New York Times, which we all recognize as a great newspaper, one which endeavors to report the facts correctly, whether its editorials are sound or not. Sometimes, from my standpoint, they are sound, sometimes totally unsound—generally unsound on matters affecting the farmer and agriculture.

Mr. Charles W. Hurd, one of their responsible correspondents in Washington, on January 29 sent to the New York Times a statement concerning the figures which the Senator from California has quoted. I have not really read all the article, but I have read enough of it to wish to bring it out in public as a statement of fact by a responsible correspondent for a highly responsible newspaper on this subject, so that at least both sides will be presented, the side of the representatives of labor, and that of the representative of a great newspaper.

Mr. DOWNEY. Mr. President, I should have no objection to the Senator inserting the article in the RECORD to follow immediately the portion of the document I inserted. I offered only the summary. I shall be very glad to have the Senator's material follow that. I think that is most advisable.

Mr. BANKHEAD. I shall refer to a few lines from the article. I do not wish to take time needlessly, but I should like to have the Senators who are listening get some idea of Mr. Hurd's statement.

Mr. DOWNEY. I suggest that I yield the floor. I am through, and shall be glad to have the Senator take the floor.

Mr. BANKHEAD. I shall read some of the article, and then ask to have it incorporated in the RECORD for information. I do not vouch for it.

The article is dated Washington, January 29, and reads:

The labor members of the Presidential Committee on the Cost of Living stated in a report today that living costs had risen 43.5 percent since January 1, 1941, instead of 23.4 percent as given by the Bureau of Labor Statistics of the Department of Labor.

The labor members of the five-member committee are R. J. Thomas, president of the United Automobile Workers, C. I. O.; and George Meaney, secretary-treasurer of the American Federation of Labor. The committee is headed by William H. Davis, Chairman of the War Labor Board, and the report of the labor members was submitted to him.

The report by the labor members drew quick response from the industry members of the committee and from A. F. Hinrichs, Acting Commissioner of Labor Statistics.

Mr. Davis also commented in a statement, saying that the report was "not in any sense a report of the committee."

The Senate subcommittee which is studying the economic problems of white-collar workers said that it would probably meet next week to hear the reply of the Bureau of Labor Statistics to the report by the labor members of the President's committee.

The industry members of the President's committee, H. B. Horton, treasurer of the Chicago Bridge & Iron Co., and George K. Batt, vice president of Dugan Bros., Newark, N. J., made clear that the committee had taken no final action and that "the com-

mittee is under the responsibility not to make a final report to the President and to the public until careful consideration has been given to all the relevant data."

Mr. Hinrichs called attention to a survey made in October by an impartial committee of experts headed by Prof. Frederick C. Mills, of Columbia University, which "after months of careful study found that the index of the cost of living does satisfactorily measure changes in prices."

"Surely," Mr. Hinrichs declared, "if they had evidence that food prices, for example, have gone up twice as rapidly as is indicated by the figures of the Bureau of Labor Statistics, this fact would not have escaped the attention of this committee of experts."

The report of the labor members declared that the index of the Bureau of Labor Statistics was worthless as a gauge in adjusting wages to the cost of living, and it contended that there was "a discrepancy of 28.5 percent between the rise in living costs and the wage adjustments (15-percent rises) allowed under the Little Steel formula."

Mr. President, I ask unanimous consent that the whole article be incorporated in the RECORD following summary submitted by the Senator from California.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. WHERRY. Mr. President, I should like to ask the junior Senator from California a question.

I am interested in producing meat in Nebraska. If the amendment which has been proposed by the senior Senator from Connecticut [Mr. MALONEY] shall be agreed to, it will legalize the consumer subsidy, it will legalize the subsidy which is now being paid to processors of meat. Up to this time, at least, there is no legal authority for it. If it shall be legalized, Congress will foreclose whatever color of title we now have to contend that the subsidy which is being paid as a roll-back should go the other way, to producers. So the amendment is vital to all of us from the States which produce beef, because if the consumer subsidy is legalized, under the amendment which is now being considered, if it shall be agreed to, it will mean that it will foreclose any chance we have to see that the subsidy is turned the other way, as we think it should be, and go to the cattleman in the beef-producing State as a production subsidy.

I am leading up to a question to the Senator, because he comes from a State where there is a good deal of production of beef cattle, just as there is in my State. I wish to acquaint the Senator, further, with the fact that after consumer subsidies were made available, in June, the prices of double A beef cattle at the Chicago market dropped more than \$1 a hundred, and the price is still under \$16. I think the top price now is \$15.75, the theory being that \$15.75, which is the top price now, includes the subsidy of \$1.10 a hundred, which should go to the producer.

I am sure the Senator will find the statements I have made to be accurate, if he will take the time to investigate. If we now adopt the proposed amendment, at least until new legislation shall be enacted, it will bar the cattle producer from getting \$1.10 a hundred as a

subsidy, which would put him back on the same basis on which he operated in June 1943.

I ask the Senator whether it is not just as important to consider the cattle producer of California as to consider the consumer, if what I have said be true, and I am asking the Senator, for information, whether he does not feel that if this amendment shall be adopted we will foreclose the producer from getting any additional price for his beef.

Mr. DOWNEY. Mr. President, I might say to the distinguished Senator that I regret taking any more time of the Senate on this particular matter. The Senator from Nebraska raises a wide subject for discussion, but I do not want to be drawn into any further argument at this time. There are issues here on which men can argue for hours. We have argued them for many days heretofore, so I am not willing to answer further questions.

Mr. WHERRY. The Senator will not yield further?

Mr. DOWNEY. I yield the floor.

Mr. TAFT. Mr. President, I wish to say only a few words today on the subject of the basis of the present subsidy program. One reason why I shall certainly vote for the bill, even if it is not amended, is that I feel that the payment of subsidies and the assumption of the right to pay subsidies is a usurpation of authority which Congress has never granted. I do not want to be technical, but it seems to me clear that this whole program has been assumed by the Executive, up to the expenditure of \$1,500,000,000 a year, without any authority whatsoever from Congress. That perhaps is a broad statement, because some of the subsidies, for example, two or three hundred million dollars paid by the Commodity Credit Corporation in the purchase and sale of feedstuffs at a loss, is justified under the Commodity Credit Corporation Act. But the important, the large subsidies, are the roll-back subsidies paid by the Reconstruction Finance Corporation, and the so-called feed-milk subsidy by which the Commodity Credit Corporation pays each farmer a subsidy.

I do not think there is any legal authority for any of those subsidies. That includes the meat subsidy, the butter subsidy and the wheat-flour subsidy paid by the R. F. C., and the so-called milk subsidy paid by the Commodity Credit Corporation.

The authority claimed for the R. F. C. is under the Price Control Act. That act provides in section 2 (e) as follows:

(e) Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor, or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms

and conditions as he determines to be necessary to obtain the maximum necessary production thereof.

That was an authorization measure when we passed it, and I had something to do with it, because I myself believe that it is desirable to have some power to pay subsidies when attempt is made to control prices in certain special cases, where two or three times your money's worth can be obtained by paying them. But certainly it was clearly intended that such a program should not be carried out without an appropriation by Congress, and I have no doubt if we examine the debates which took place when that matter came up, it will be found that it was intended that Congress merely provide an authorization, and if that authorization was to be acted upon as in every other case, the Administrator would be obliged to come back to Congress and obtain authority to make the payments.

What was done? The Price Control Act covered all sorts of metals. The R. F. C. has already been paying subsidies on metals, on copper, and other metals. So we provided as follows:

Provided, That in the case of any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, such determinations shall be made by the Federal Loan Administrator, with the approval of the President, and, notwithstanding any other provision of this act or of any existing law, such commodity may be bought or sold, or stored or used, and such subsidy payments to domestic producers thereof may be paid, only by corporations created or organized pursuant to such section 5d.

That is to say, by the R. F. C. The intention in agreeing to that provision was to say that the Price Administrator would have nothing to do with minerals, strategic and critical materials, but that would be handled by the R. F. C.

When administration officials wanted to pay subsidies, and did not want to come to Congress to get the money with which to pay them, the President proceeded to issue an Executive order finding that beef and butter, and later on wheat, were strategic and critical materials, and therefore they could only be sold and handled under section 5 (d) of the R. F. C. Act, and by the Reconstruction Finance Corporation. That certainly was not intended. It may be legally possible that that can be done, but it certainly was a direct attempt to evade the provisions of the act, which would otherwise have required the Administrator to come before Congress in the usual manner and obtain appropriations for payment of subsidies. Even then the official had this hurdle to get over. These subsidies can only be paid to domestic producers of such commodities, and in order to get around that they got the Attorney General to rule that a miller is a producer. Of course, that was not intended. The producer was meant to be the farmer. The producer of agricultural products was the farmer. But the

Attorney General was prevailed upon to rule that the miller was a producer of flour, and therefore the subsidy could be paid to the miller. The ruling was made that the packer was a producer of meat, if you please, and therefore the subsidy could be paid to the packer, instead of to the original producer of the cattle. That practice was continued, even after Congress made it clear that it did not approve of subsidies. Perhaps it was continued because Congress made it clear it did not approve of them. That was shortly after the bill was passed.

Senators will remember that another bill was pending in the Senate at the time. It was opposed by the senior Senator from North Carolina, and was revised so as not to give any further authority or provide appropriations for subsidies. In order to avoid that, the machinery of the R. F. C. has been used—the R. F. C., which has billions of dollars given it for entirely different purposes—in order to pay a direct subsidy, which is a direct loss and an out-of-pocket expense to the Government, which is not in line with the R. F. C. powers, and which is far beyond the purposes of the Reconstruction Finance Corporation Act.

It seems to me perfectly clear that the Administration has usurped the power to pay subsidies to the extent of a billion dollars, and I think Congress should now clearly say, "You cannot pay subsidies unless you come down here and obtain from Congress express authority and express appropriation for the subsidies you wish to pay."

The second point I wish to make as to the illegality of subsidies is with reference to the so-called milk-feed subsidy. Suddenly, last fall, the Administration announced it was going to pay to every farmer a certain number of cents per hundred pounds of milk and a certain number of cents per pound of butter for the milk and butter which each farmer sold during each month, and that the farmer could go into the A. A. A. office in his county seat on a certain day, just the way he used to go to get the A. A. A. payments, and could present his receipts and could get a check from the A. A. A. That milk-subsidy program is infinitely more expensive than the subsidy plan which has been pursued in one or two urban districts. In my opinion, its purpose has been largely a political one. I think it is an effort again to give the A. A. A. some checks to hand out, so that it may have with the farmers some of the political influence it lost after parity payments and soil-conservation payments were largely discontinued.

Furthermore, there is no authority whatever under the Commodity Credit Corporation Act to make subsidy payments. When Mr. Hutson, the head of the Commodity Credit Corporation, was before our committee, I asked him, "What legal authority have you to make these subsidy payments?" He could not say then, and I have not yet heard any adequate answer. I think those who sup-

port subsidies should come before the committee tomorrow and state what possible authority the Commodity Credit Corporation has to make gratuitous payments to some 3,000,000 farmers throughout the United States for the production of the milk and butter they choose to produce.

The Commodity Credit Corporation was established with power to buy and sell foodstuffs. That gives it, incidentally, an indirect power to pay subsidies, because it may buy foodstuffs at one price and sell them at a lower price, and thereby may subsidize a producer or subsidize a distributor. But it has no power I am aware of to pay direct cash subsidies to 3,000,000 farmers. However, that is what it is doing. It is making the same kind of payments which were made under the old parity payment law or the soil-conservation law, except that those payments were expressly authorized by Congress. If Congress had not authorized them, no one in the world would have claimed they could have been made.

Now we are confronted with the payment of the subsidy by the Commodity Credit Corporation to milk farmers, or to practically every farmer who has a cow and who sells any milk, without, so far as I can determine, any legal authority of any kind at all.

Mr. President, under those circumstances it seems to me we should begin at the beginning, and should decide whether we wish to authorize subsidies. Certainly, I am not willing to vote for a general amendment such as the one offered by the Senator from Connecticut, which proposes, in effect, that we provide for the payment of \$1,500,000,000, and ratify and approve everything that has been done, and say, "You can go on just exactly as you have been going on." That is what the adoption of the amendment would mean.

Incidentally, Mr. President, the \$1,500,000,000 which is proposed is, I think, far more than is really necessary. The figure is a little greater than that, because it includes feed wheat, which makes approximately \$1,550,000,000 of authority, as compared to the figure of \$1,100,000,000 which was submitted to us by Chester Bowles, in December, as being the amount he was paying, and the figure of \$1,219,000,000 which was submitted to us by Marvin Jones at the meeting referred to by the Senator from Connecticut, held during or just after the Christmas holidays. So the amendment actually proposes to authorize the payment of approximately \$330,000,000 more than the Administrator himself is now paying under his present program.

The amendment I propose to submit later has two purposes. One is to provide for a smaller amount, because my own belief is that we should approve a reasonable payment of subsidies, but should limit the amount, so that the administration will have to select only the subsidies which really will produce results, and so that more money will be gotten back than will be paid out, and, finally, so that the type of subsidies paid will be limited.

The amendment I shall propose provides that before a subsidy can be paid, a price must first be guaranteed to the farmer, so that the price cannot be rolled back in the way the meat subsidy is said to have been rolled back on the producer. The second thing my amendment would do would be to provide that an amount per unit be paid, so that we would not be up against the problem of passing on the profits of every food processor and every manufacturer in existence. I shall explain the amendment later at greater length. At the present time I merely wish to say that it seems to me we must define the subsidies we wish to have paid.

I think this particular method of paying a milk subsidy which will cost approximately \$300,000,000 a year is away beyond anything we should do or that it is necessary to do in order to help hold down the price of milk or to encourage the production of milk.

I also feel very strongly that the beef subsidy and some of the other subsidies should be discontinued unless a support price for beef, for instance, can be put into effect. If that can be done, so that with the fixed price for production the subsidy actually will represent the margin between the amount received by the producer and the amount paid by the consumer, then I think there is something to be said for the subsidy.

I, myself, do not approve of subsidies which cost as much as the entire saving to the consumers. If a program to save \$100,000,000 to the consumers involves a cost of \$100,000,000 to the Government, I do not see why we do not let the consumers pay the cost in the first place. I think it is more inflationary to pay such a subsidy, because the Government will have to borrow the \$100,000,000. It will have to borrow the money from the commercial banks, because we have already exhausted our borrowing market with individuals. Then we will have an additional debt of \$100,000,000 created, and that will hammer the price structure, and will make it more difficult to maintain it.

The only subsidy which I think is justified is under the following conditions: If we can, by paying a subsidy of \$20,000,000, save the public perhaps \$100,000,000, then I perhaps can see some object in it. If we desire to subsidize the cost of peanut oil and soybean oil, and if by doing so we can increase the production of those commodities, and still can avoid the necessity of increasing the price of lard and perhaps of cottonseed oil and other oils, then it may be that by paying a small subsidy on one product of that kind we can hold down the whole price, and can save the consumers three or four times that amount.

Undoubtedly, in the case of the copper subsidy we save the Government perhaps 10 times what we pay to the producers of copper. There are some cases in which I think similar savings can be made. I think we have paid subsidies so often that I have no objection on principle to them. But I believe that by paying the consumer a subsidy and consequently taking out of the Treasury

dollar for dollar what we pay the consumer, such a procedure is more inflationary and more dangerous than it would be to let the consumer pay the increased price.

So, Mr. President, it seems to me that I should vote against the pending amendment; and it seems to me that when the Senate does adopt an amendment, it should limit the subsidies which will be paid and should limit the amount to a much greater extent than it would be limited under the pending amendment.

Mr. BARKLEY. Mr. President, I did not rise to discuss the amendment. I wonder if we cannot now obtain a vote. Has the Senator from Ohio concluded?

Mr. TAFT. I have finished.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. MALONEY], as modified.

Mr. MALONEY. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. AIKEN. Mr. President, I should like to speak for 4 or 5 minutes before the vote is taken.

The Senator from Connecticut has offered his amendment and has made an argument against inflation. He appeals for subsidies on the ground that subsidies will tend to prevent inflation. I know that we all dislike inflation, though we realize that we are bound to have it to a certain degree.

I should like to read to the Senate some excerpts from the testimony of the Secretary of the Treasury, Mr. Morgenthau, and his assistant, Mr. Paul, before the Committee on Ways and Means of the House of Representatives on October 4, 1943. On page 4 of the hearings the Secretary stated to the committee:

From a statistical standpoint, we know where the bulk of the new money lies, and where, therefore, lies also the greatest danger of inflationary pressure.

Today, four-fifths of all the income of the Nation is going to people earning less than \$5,000 a year. And except for the people earning no more than a bare subsistence wage, this group presents the greatest potential danger from the inflationary standpoint. The weight of the inflationary money in the hands of this group can cause undue price rises, and can completely upset our entire economic system, unless absorbed in sufficient quantity.

On page 8 of the same report, Mr. Morgenthau says:

As I have indicated, the exemptions suggested are \$500 for single persons, \$1,100 for married persons, and \$300 for each dependent.

In order to drain off this excess purchasing power, he recommended additional taxes for the very low income brackets. I certainly do not agree with him.

On page 24 of the same report, Mr. Paul said:

The Treasury has been borrowing heavily at commercial banks.

Farther down the page I find the following:

War financing through banks is recognized everywhere as dangerous, since it leads di-

rectly to an increase in the cash assets held by the public. When a bank buys bonds it commonly sets up a "war loan account" payable to the United States Treasury. This process increases the cash assets of the Treasury, but, obviously, the bank has no right to dock any customer's account because the bank has bought bonds—

And so forth. On page 25 he said:

For the current fiscal year Americans will have nearly \$15 of spending power, after taxes are taken out, for every \$10 worth of goods available.

The Secretary of the Treasury insists that the excess purchasing power in the hands of four-fifths of our people must be drained off if we are to avoid inflation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. MALONEY], as modified.

Mr. BANKHEAD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	George	Radcliffe
Austin	Green	Reed
Bailey	Guffey	Revercomb
Ball	Gurney	Reynolds
Bankhead	Hawkes	Robertson
Barkley	Hayden	Russell
Blibo	Hill	Shipstead
Bone	Holman	Smith
Brewster	Jackson	Stewart
Brooks	Johnson, Colo.	Taft
Buck	Kilgore	Thomas, Idaho
Burton	La Follette	Thomas, Okla.
Bushfield	Langer	Thomas, Utah
Butler	Lucas	Tobey
Byrd	McClellan	Truman
Capper	McFarland	Tunnell
Caraway	McKellar	Tydings
Chandler	Maloney	Vandenberg
Chavez	Maybank	Wagner
Clark, Idaho	Mead	Wallgren
Clark, Mo.	Millikin	Walsh, Mass.
Connally	Moore	Walsh, N. J.
Danaher	Murdock	Wheeler
Davis	Murray	Wherry
Downey	Nye	White
Eastland	O'Daniel	Wiley
Ellender	Overton	Willis
Ferguson	Pepper	Wilson

The PRESIDING OFFICER. Eighty-four Senators have answered to their names. A quorum is present.

Mr. DANAHER. Mr. President, in Dun's Review for November 1943 there appeared an article entitled, "Use of Subsidies as an Aid in Control of Prices During Wartime." In connection with the article there was appended an exhibit entitled, "Government Subsidies." It listed those being paid for food, and those for nonfood, by commodities, by paying agencies, and by cost. I later checked the data which appeared in the table, and I find that there has been compiled a schedule which will afford at a ready glance a very complete summary of the entire situation. As of December 25, 1943, there was compiled a table entitled, "Subsidies at a Glance—How They Work, to Whom They're Paid, and Why."

I ask unanimous consent that the entire schedule be printed in the RECORD at this point in order that the data may be available for the study of the Senate.

There being no objection, the schedule was ordered to be printed in the RECORD, as follows:

Subsidies at a glance—How they work, to whom they're paid, and why

Program	Paying agency	Why subsidized	How subsidized	Paid to	Annual cost	Direct savings
					Mil. of dol.	Mil. of dol.
Aluminum products.	D. S. C.	To bring in marginal producers.	Buy output of high-cost producers above prevailing price.	Manufacturer.	6	16+
Apples.	C. C. C.	To cover high transportation costs of away-from-market producers.	Pay additional transportation costs.	Shipper.	4	30
Butter.	D. S. C.	To roll retail prices back to September 1942 level.	Pay 5 cents per pound at creamery.	Creamery.	82	92
Canning fruits and vegetables.	C. C. C.	To compensate for higher costs.	Buy pack, resell at loss; also compensate for increased wage costs.	Cannery.	27	33
Cheddar cheese.	C. C. C.	do.	Buy output from manufacturers at 27 cents per pound, resell at 23 3/4-cents ceiling.	Manufacturer.	29	40
Chilean nitrate of soda.	D. S. C.	To compensate for increased wartime shipping costs.	Buy nitrates at \$37 per ton, resell for \$30.	Importer.	7	11
Coal.	D. S. C.	To offset increased transportation costs to east coast.	Pay cost differential between pre-war and war routes.	Consignee.	25	125+
Copper, lead, zinc.	M. R. C.	To bring marginal mines into production.	Pay premiums to high-cost producers above specified quotas.	Producer.	80	1,000
Corn price adjustment.	C. C. C.	To induce movement of yellow corn to East and Southeast where price ceilings are lower.	Pay 5 cents per bushel to sellers who ship from corn areas to East and Southeast.	Corn Belt seller.	5	15+
Dairy feed.	C. C. C.	To compensate for increased feed and labor costs.	Pay farmer 30 to 50 cents per hundredweight for whole milk or 4 to 6 cents per pound for butterfat.	Farmer.	200	250
Dried beans.	C. C. C.	To encourage production.	Buy at price higher than ceiling, resell at loss.	Country shipper.	10	14
Flour and bread.	D. S. C.	To compensate for rise in wheat prices.	Direct payment to miller.	Miller.	100	125
Fluid milk (in 4 urban areas).	C. C. C.	To compensate for increased prices paid to farmers.	Direct payment to distributor.	Distributor.	5	8
Imported metals.	M. R. C.	To offset wartime transportation costs.	Buy imports at above-ceiling prices, sell at loss.	"Buy and resell".	25	125+
Jewel bearings.	D. S. C.	To offset higher cost of domestic production.	Buy domestic output at cost plus 6 percent, plus certain development expenses.	Producer.	8	18+
Meat.	D. S. C.	To roll retail prices back to September 1942 level.	Direct payments on live animals slaughtered.	Slaughterer.	436	591
Miscellaneous domestic ores.	M. R. C.	To encourage domestic production of arsenic, beryllium, chrome, cobalt, etc.	Pay marginal costs, also fees.	Producer or Government agent.	25	125+
Nicotine sulfate.	A. M. A.	To divert low-grade tobacco to nicotine sulfate production.	Government absorbs about 50 percent of the higher raw material costs.	Nicotine sulfate manufacturer.	2	4
Peanuts.	C. C. C.	To encourage production of peanuts and peanut oil.	Buy peanut crop above ceiling price, resell at loss to peanut crusher.	Peanut crusher.	10	10+
Peanut butter.	C. C. C.	To roll retail prices back to September 1942 level.	Direct payment to manufacturer on civilian output.	Manufacturer.	15	22
Petroleum.	D. S. C.	To offset increased transportation costs to east coast.	Pay cost differential between pre-war and war routes.	Consignee.	100	390
Potatoes.	Department of Agriculture.	To encourage production.	Pay 50 cents a bushel for normal yield on all acreage planted between 90 and 110 percent of goal.	Farmer.	25	125+
Prunes and raisins.	C. C. C.	To offset increased prices paid by packers to growers.	Buy pack at higher-than-1942 price; resell at loss.	Packer.	13	19
Soybeans.	C. C. C.	To expand soybean oil output.	Buy soybeans and resell at loss.	Processor.	10	24
Sugar transport.	C. C. C.	To offset increased shipping costs.	Pay increased shipping costs; also buy sugar; resell at loss.	Importer and "buy and resell."	43	143+
Sugar beet.	C. C. C.	To encourage production.	Pay \$150 per ton to processor for higher price to growers.	Processor.	11	111+
Tires.	D. S. C.	To utilize extra passenger-car tires.	Buy from private-car owners, resell at loss.	"Buy and resell".	20	120+
Truck crops.	Department of Agriculture.	To encourage production.	Pay \$50 an acre on all acreage between 90 and 110 percent of goal.	Truck farmer.	6	16+
Wheat for feed.	C. C. C.	To keep down costs of feedstuffs.	Sell wheat to feeders at not less than corn parity.	"Buy and resell".	68	168+
Wood pulp.	D. S. C.	To utilize (1) inferior grades of wood pulp and (2) marginal paper mills.	Pay increased costs of mills using bleached sulfite wood pulp.	Mill.	1	20

¹ No direct estimate available; savings figure shown is equal to estimated cost of program and is a minimum.

Mr. GEORGE. Mr. President, I do not know how long the leader desires to continue the debate this afternoon. I had expected to say a few words on this subject before the vote, but I had not expected to do so until tomorrow. If it is the desire of the Senate to vote at this late hour, I can say now what I wish to say. I do not know that I shall take more than a few minutes. However, I cannot promise that, because I have not had an opportunity to prepare what I had to say.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. BARKLEY. It had been my desire, as well as the desire of many other Senators, to vote on the Maloney amendment today.

Mr. GEORGE. The Maloney amendment would probably end this whole debate in the event it were agreed to.

Mr. BARKLEY. If it should be agreed to it probably would.

Mr. GEORGE. That is the reason why, if the matter should go over until tomorrow, I should not wish to take more than 10 or 15 minutes.

Mr. BARKLEY. I may say to the Senator that many Senators are anxious that the entire bill be disposed of tomorrow if possible. A number of Senators on the other side of the aisle contemplate journeys here and there for the purpose of celebrating the anniversary of Lincoln's birth on Saturday, and they do not want the Senate to be in session for any part of this week after tomorrow, if possible. I should be entirely agreeable to a limitation on debate beginning tomorrow. I have conferred with Senators on both sides of the Chamber, and it seems possible to make such an agreement. However, some Senators do not want to enter into such an agreement tonight, but prefer instead to wait until tomorrow. I do not wish to discommode the Senator from Georgia or embarrass him in any way. However, I will state frankly that I do not want this entire matter to go over beyond tomorrow unless we can reach an agreement as to when we should finally vote upon the bill.

If the Senator from Connecticut is successful in having his amendment agreed to that would practically end the

matter because his amendment is practically a substitute for the bill which has been reported to the Senate, and we could probably dispose of the measure very speedily after the vote upon his amendment. For that reason I thought we might vote today. I did not know that the Senator from Georgia contemplated making any remarks on the subject. However, I shall accommodate myself to the wishes of the Senator from Georgia.

Mr. GEORGE. I do not care to take more than 10 or 15 minutes at most, but I do wish to speak on the Maloney amendment, because it is the heart of the debate.

Mr. BARKLEY. Perhaps the Senator will have more listeners now than he would have tomorrow because we all know how difficult it is to get Senators here early in the day. Whatever the Senator wishes to do is agreeable to me.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. WHITE. May I inquire of the majority leader if it is not possible to work

out some arrangement by which voting on the bill and amendments thereto may be deferred until the first of next week? Saturday is the anniversary of Lincoln's birth. From time immemorial Members on this side of the aisle as well as Members on the other side of the aisle have attended Lincoln Day gatherings throughout the length and breadth of the country. Many Senators made commitments some time ago. I had hoped that we might have an arrangement by which we could continue the debate tomorrow, with the understanding that there would be no voting, and then we could take a recess until Monday under an agreement for limitation of debate.

Mr. BARKLEY. The Senator knows the result in the Senate when an agreement is made to continue with the debate and not take a vote. The result is that Senators debate to empty seats. Today is only Wednesday, and tomorrow will be Thursday. I am not in charge of the Lincoln Day celebration. I might say, however, that some years ago I made a very good speech on Lincoln in the Senate, and I commend it to my Republican friends who expect to journey away from Washington to address the populace on the subject of Lincoln. If we have an understanding that we will debate tomorrow but not vote on anything until Monday, the Senator knows what will happen. There will be the greatest exodus since the children of Israel were led through the Red Sea by Moses. Many Senators will leave.

We ought to dispose of the Maloney amendment. Senators are not leaving the city tonight to keep their appointments on Saturday.

Mr. WHITE. That is true.

Mr. BARKLEY. They will leave tomorrow to keep their appointments on Saturday. Certainly we ought to dispose of the bill tomorrow if we cannot do so tonight.

Mr. WHITE. I am perfectly willing to stay in session tonight until the Maloney amendment is disposed of. I think many Members on this side of the Chamber would be willing to do so because of their anxiety to be certain of getting away tomorrow in order that they may keep appointments which they have made.

Mr. BARKLEY. I will say to the Senator from Georgia and to all other Senators that, as we know, the present extension of the Commodity Credit Corporation expires on February 17. Whatever is to be done ought to be done by that time. If the Senate should concur in the House bill with the amendments of the Senator from Alabama, as has been said already, that action would probably result in a veto. In my judgment, the veto would be sustained. Then we would have to start again to do whatever we were going to do to extend the Commodity Credit Corporation and pass whatever subsidy legislation it would be possible to pass in the two Houses. So that the time limit is upon us, and the sooner we dispose of the pending matter the better condition we will be in to deliberate on what Congress is finally to do.

The Senator from Georgia indicates his willingness to proceed now.

Mr. GEORGE. Mr. President, I am willing to proceed, not that I am prepared to say anything on the question this evening. I had hoped to make an investigation to refresh my recollection on some points and take up the argument tomorrow, but it is such an important matter that I am not willing that the Senate come to a vote on what I refer to, with all due respect, as the Maloney amendment, the amendment offered by the distinguished senior Senator from Connecticut to the bill, without saying a word.

Mr. President, the adoption of this amendment would, in my opinion, end the whole debate on this question, and would commit the Congress to a wide-open subsidy program, beginning with \$1,500,000,000 a year. In my opinion, that is not a decision which should be taken lightly. But if the Senate desires to commit itself to that program, of course, it may do so; it has the power to do so; but real inflation in this country is yet ahead of us.

There has been no extraordinary increase in prices. There has been an extraordinary increase in wages. In the very beginning there was an effort to tie wages and prices together, but Congress rejected the proposal. We were told that wages could not be controlled by the Price Control Act, that that was a decision better left to the executive branch of the Government. We finally acquiesced in that decision. There has been no extraordinary rise in prices. There has been no extraordinary rise in the cost of living. There has been a considerable depreciation in the value of currency, deliberately brought about, as a matter of public policy, by the Congress, but we do face an inflation in this country, and what is proposed is the first step toward real inflation.

Unquestionably there may be those in the country who should be given the benefit of a subsidy, but not all the American people. The broad statement, the unqualified statement, that all the one-hundred-and-thirty-odd million American people are entitled to a food subsidy, a consumer subsidy, at this time, is sheer nonsense. It is worse than that, it is transparent hypocrisy, it is politics of the rawest kind. Frankly, it is appeasement, because we are warned repeatedly that if we break the line, then labor is going to demand a constantly increasing wage. If Senators care to, they may vote for any type of appeasement, but the moment they do, they are really opening the floodgates for inflation.

We are reminded to hold the line. I do not say that labor is getting too much, and I do not think it is necessary to appease labor, because the wages of labor on the whole are not out of line with the cost of living. There may be inequities and special hardship situations with respect to farm prices, agricultural prices, food prices, and wages, but those inequities should have been met, as we contemplated when considering the original price-control bill that they would be

met, by specially considering those cases of inequity, and of hardship. We are now confronted by a bald proposition to approve wholesale consumer subsidies for a hundred-and-thirty-odd million people, who are said to have more money in their pockets, in their bank accounts, and in bonds already purchased, than ever before in the history of the world. Here is a proposal to subsidize the whole of America, and if there is any excuse, any reason—and there may be; I do not question that there may be—for granting a subsidy to those in the exceedingly low income earning brackets, or those without earnings at all, why not do it? Why not do it much as the Senator from Maine and the Senator from Vermont have suggested, by giving aid directly to the groups which need assistance, without granting assistance to all the American people? Why do it at the cost of the farmer? What is proposed is just as plain as that 2 and 2 make 4. The figures reach one final result in all this program, if we look at it frankly and candidly. We have to hold the line, but we are asked to break the back of the American farmer in order to hold the line.

What is proposed? It is proposed that we reduce the prices of farm products. That is what is proposed. It is proposed that we reduce the price of pork; it is proposed that we reduce the price of beef; it is proposed that we reduce the price of wheat, of flour, of all breadstuffs, all products of the American farm. How is that to be done? By reducing the farmer's price in the market, by paying him a miserable subsidy in order that he remain in the position of a producer.

The desire is not to starve him out, oh, no; it is not to destroy him. Gentlemen are dreadfully afraid that they must appease labor; certainly they are; but they are willing to break the backbone of the American farmer by reducing the prices of his products, not by letting him have what we tried to give him in the price-control bill, not by letting him have at least parity for his products.

Suppose we reduce his prices, we make him the producer of the lowest-priced products in America; and the producer of the lowest-priced commodities in our society is always the hewer of wood and the drawer of water for the other members of society. Gentlemen do not want the farmer to go into the market place and get a fair price for his product, they want to hold the line, but they want to hold it to the eternal cost of the American farmer.

Let the farmer be the producer of the lower-cost products in the United States, and how long will it take him to struggle back, after the war shall end, to something like equality with the producers of all other commodities?

Make no mistake about it, even a production subsidy is very hard to justify, because it tends inevitably to shift production in the particular field in which there is a desire to increase production at the cost of producers in other fields.

A consumer subsidy is proposed, a food subsidy, to be paid for by the American

farmer. Oh, of course, the money is coming out of the taxpayer's pocket, but when cotton goes down to 10 cents a pound, and pork goes down to 5 or 6 cents a pound, and beef cattle go back to the low prices witnessed in the depression days, and all the other farm commodities go down likewise, then let the war end and see what will happen to the American farmer. The consumer subsidies have already put in motion a lowering of prices to the farmer and that is exactly what will continue to happen to him. Hogs in the primary market in my State are now selling for 6 and 7 cents a pound for No. 2's and for not in excess of from 7½ to 8 cents a pound for No. 1's. All grade cattle have fallen far below the cost of production. Why? Because of the existence of the miserable subsidies. It was thought necessary to appease labor. It was thought necessary to appease the C. I. O. Other Senators may do as they wish, Mr. President, but I will not "take it lying down" for the American farmer. It was thought necessary to appease the C. I. O. at the cost of the farmer. Then it is proposed to take the money out of the Treasury and give it to one-hundred-and-thirty-odd million Americans who have so much money now that we are threatened, as some persons think, with a great tide of inflation.

We are approaching inflation now when we undertake to subsidize the food costs of all Americans by paying the subsidy out of the Treasury, and at the same time are directly breaking the back of the American farmer, because that is where the impact comes. Here in this one measure it is proposed to appropriate one and a half billion dollars not only out of an empty Treasury—but a hundred-fold more than an empty Treasury. If we do this we are headed toward inflation. Nowhere else can there really be an irresistible movement toward inflation save in the Congress of the United States. We have the joint responsibility in this body for appropriating the money called for to help bear the cost of living for people in the United States who, beyond all doubt, do not need it. Appropriate it now, and see how rapidly the subsidy totals will mount! How can we prevent the payment of subsidies on rents, on clothing, on drugs? How can such subsidies be stopped? The American people will know precisely what it means. Destroy the faith of the average man on the street in the integrity of the American dollar and see how fast he will run into the black markets, and how many black markets will develop overnight, where he will try to find some goods in which to put the money in which his faith has been shaken.

The American people are too sensible, they have shown that they have too much courage, too much judgment, too much information, to begin the process of inflation. They have shown that despite the fact that almost every whippersnapper of a public official has talked about inflation, preached inflation, warned against inflation. The people have stood up against that tide, and they have sense enough to keep on standing

up against it. But when they lose confidence in Congress, when they think we will vote for anything, when they think we are pure appeasers, when they understand that we propose a program of subsidy which no one can stop and no one can even check, they will not have much faith left in their money, and then we will have real inflation.

Mr. President, that is the situation with which we are faced. I do not want to see it materialize. I happen to be a farmer as well as a lawyer. I happen to have invested in farms what little of this world's goods I possess. I know what this program means to the farmer. It is not a matter of theory. I have already seen farm prices go down, although they never have been high during this war except in a few minor particulars and in the case of a few seasonal products. The American farmer now stands up and says, "Do not crucify me on your cross of appeasement; do not make me the goat; do not condemn me to the status of the producer of a low-priced article, of a low-priced commodity and product, at a price below the actual cost of production, even though you give me a little hand-out from the Treasury of the United States."

Mr. President, I express the hope that we will not begin the process of inflation here by finally destroying the faith of the American people in the integrity of the legislative branch of the Government.

Mr. MALONEY. Mr. President, I should like to try to emphasize, as I did earlier in the day when the attendance was smaller, that the real purpose of the amendment is not to provide for the food bill of America; it is intended to try and keep as near perfect as possible the stabilization program adopted by the Congress. It seemed to the administration that a continuation and a protection of the stabilization program was not possible without subsidies. The alternative of the proposal, as I see it, is an increase in the cost of farm products.

Mr. President, I am sympathetic toward the farmer, but I am not unmindful of the fact that he is enjoying the greatest prosperity in the history of the country. There are some exceptions. The dairy farmer is one. The farmer's income has increased well-nigh 100 percent in the last 2½ years. Of course, there will be black markets if the lid is removed from prices, and there will be hungry homes, because those who have the money in great plenty will buy what food is available, and there is not enough produce in the land under existing wartime conditions to satisfy everyone's desire.

Of course there is logic in the argument of the distinguished and learned Senator from Georgia. Of course, there are those throughout the land who do not need a food subsidy. Of course, there are working people who have sufficient funds with which to buy the things they need. But the purpose of the amendment and of the proposed legislation is not to pay a food bill, but to keep prices down. Perhaps appeasement to labor is the word; but I want to believe, and I do believe, that I have never cast a vote intended to appease labor. We cannot

help, however, after the experiences of the last 10 or more years, but be realistic about the program.

Mr. President, I am excited to the great fears expressed by the able Senator from Georgia, but in a different direction. I do not know that we can hold the line. I do not know that stabilization will work. But as I see it, Mr. President, we are at the precipice, and this is our last chance to hold the line.

I do not think the farmer has been oppressed. In this proposal there is no effort to curtail the prices received by the farmer. The sole aim and purpose is to hold prices on an even keel, to prevent what is a real runaway inflation, to prevent the black market that anyone can see will exist unless we do have price control.

The greatest logic of the Senator's argument is that there are millions in our land who do not need a subsidy. But who is able, in the limited time we have, to differentiate? Who would make the study to find out who is entitled to the subsidy which has been suggested?

Furthermore, let me say that I would much prefer to contribute a few cents a day—I use the language of the Senator from Alabama—to help pay the grocery bills of American millionaires than I would to subject a part of our population to the stigma of pauperism and more particularly at a time when if they were allowed economic freedom they could obtain an increase in wages. Because of the conditions existing during the present war and as a result of Government action they cannot obtain the increase which they would obtain under different circumstances.

I say with all the sincerity I possess that in the interest of our Government and the national economy I am hopeful that the amendment will prevail.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut, as modified, to the committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WALSH of New Jersey (when Mr. EASTLAND's name was called). I am advised that if the junior Senator from Mississippi [Mr. EASTLAND] were present and were permitted to vote, he would vote "nay."

Mr. REYNOLDS (when Mr. McCARRAN's name was called). I have a pair with the Senator from Nevada [Mr. McCARRAN]. He is absent on official business. I rather imagine that if he were present and were permitted to vote, he would vote for the amendment, and therefore would vote "yea." If I were at liberty to vote, I should vote "nay."

Mr. WALSH of New Jersey (when Mr. McCLELLAN's name was called). I am advised that if the junior Senator from Arkansas [Mr. McCLELLAN] were present and were permitted to vote, he would vote "nay."

Mr. ROBERTSON (when his name was called). On this vote, I have a pair with

my colleague the senior Senator from Wyoming [Mr. O'MAHONEY]. I am informed that if my colleague were present, he would vote "yea." If I were at liberty to vote, I should vote "nay."

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. Therefore, I withhold my vote, because I have not been informed how he would vote.

Mr. WHITE (when Mr. TOBEY's name was called). I announce that the Senator from New Hampshire [Mr. TOBEY] has been obliged to leave the city because of the serious illness of a member of his family.

The roll call was concluded.

Mr. BANKHEAD. Mr. President, during the calling of the roll announcement was made that the Senator from Arkansas [Mr. McCLELLAN] and the Senator from Mississippi [Mr. EASTLAND] would vote "nay" if they were present. In justice to them, I think the RECORD should show that they are both confined to their beds because of illness. The Senator from Mississippi has been in the Senate during the day but was obliged to go to his home because he was ill with influenza. Both Senators were anxious to be present but were under doctor's orders to leave the Chamber.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness. I am advised that if present and voting, the Senator from Florida [Mr. ANDREWS] would vote "nay."

The Senator from Rhode Island [Mr. GERRY] and the Senator from Washington [Mr. WALLGREN] are necessarily absent.

The Senator from Iowa [Mr. GILLETTE], the Senator from New Mexico [Mr. HATCH], the Senator from Wyoming [Mr. O'MAHONEY], and the Senators from Nevada [Mr. McCARRAN and Mr. SCRUGHAM] are absent on official business.

The Senator from Utah [Mr. MURDOCK] is detained because of a slight cold.

The Senator from Maryland [Mr. TYDINGS] is detained on public business. I am advised that if present and voting, he would vote "nay."

The Senator from New Mexico [Mr. HATCH] is paired with the Senator from Mississippi [Mr. EASTLAND]. I am advised that if present and voting, the Senator from New Mexico would vote "yea," and the Senator from Mississippi would vote "nay."

Mr. WHITE. The Senator from Oregon [Mr. McNARY] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

I am advised that if present, the Senator from California [Mr. JOHNSON] would vote "nay."

The result was announced—yeas 26, nays 49, as follows:

YEAS—26

Barkley	Downey	Hayden
Bone	Ellender	Jackson
Chandler	Green	Johnson, Colo.
Danaher	Guffey	Kilgore

Langer
Lucas
McFarland
Maloney
Maybank

Mead
Murray
Pepper
Radcliffe
Truman

Tunell
Wagner
Walsh, Mass.
Walsh, N. J.

NAYS—49

Aiken
Austin
Bailey
Ball
Bankhead
Bilbo
Brewster
Brooks
Buck
Burton
Bushfield
Butler
Byrd
Capper
Caraway
Chavez
Clark, Idaho

Clark, Mo.
Connally
Davis
Ferguson
George
Gurney
Hawkes
Hill
Holman
La Follette
McKellar
Millikin
Moore
Nye
O'Daniel
Overton
Reed

Revercomb
Russell
Shipstead
Smith
Stewart
Taft
Thomas, Idaho
Thomas, Okla.
Vandenberg
Wheeler
Wherry
White
Wiley
Willis
Wilson

NOT VOTING—20

Andrews
Bridges
Eastland
Gerry
Gillette
Glass
Hatch
Johnson, Calif.
McCarran
McClellan
McNary
Murdock
O'Mahoney
Reynolds
Robertson
Scrugham
Thomas, Utah
Tobey
Tydings
Wallgren

So Mr. MALONEY's amendment, as modified, to the committee amendment was rejected.

Mr. McKELLAR. Mr. President, I move to reconsider the vote by which the amendment of the Senator from Connecticut [Mr. MALONEY], as modified, was rejected.

Mr. BANKHEAD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BARKLEY. Mr. President, many Senators are suggesting that we go ahead and vote on the Taft amendment.

Mr. TAFT. Mr. President, I desire to speak for at least half an hour.

Mr. BARKLEY. Perhaps it had better go over until tomorrow.

Mr. TAFT. I think it ought to go over until tomorrow.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. TUNNELL in the chair) laid before the Senate a message from the President of the United States nominating Col. Omar T. Pfeiffer to be a brigadier general in the Marine Corps for temporary service from the 5th day of October 1942, which was referred to the Committee on Naval Affairs.

RECESS

Mr. BARKLEY. There being no Executive Calendar, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 32 minutes p. m.) the Senate took a recess until tomorrow, Thursday, February 10, 1944, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate February 9 (legislative day of February 7), 1944:

PROMOTION, FOR TEMPORARY SERVICE, IN THE MARINE CORPS

Col. Omar T. Pfeiffer to be a brigadier general in the Marine Corps, for temporary service, from the 5th day of October 1942.

HOUSE OF REPRESENTATIVES

WEDNESDAY, FEBRUARY 9, 1944

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Thou who art the Father of us all, we pray for proud and grateful hearts that the gifts we covet may be a clear conscience and duty well done. We are confronted with personal ambitions and often neglecting the bigger fact that to be Christlike consists largely of self-abnegation. Let Thy spirit lead us to test our questions under the shadow of the cross to the glory of self-sacrifice.

Almighty God, love is the sublimest gift in the world; it redeems weakness, clothes its barrenness, enriches its poverty, and leaves in its path peace and contentment. We pray that the revenues of this greatest virtue may bring forth inspiration and devotion to the things that endure. O bless every uncalendared man, the memory of any who ever achieved a noble purpose, who dared to suffer for the right and laid down his life for a clean, fresh world. Dear Lord, the day is Thine; we pray that our entire citizenry may rise a royal conception, holding high the standards which exalt national character. In the name of our Saviour who, for the joy that was set before Him, endured the cross. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the amendments of the House numbered 1, 2, 4, 5, 6, 7, 8, 10, 13, and 14 to the bill (S. 1285) entitled "An act to amend the act of September 16, 1942, which provided a method of voting, in time of war, by members of the land and naval forces absent from the place of their residence, and for other purposes."

The message also announced that the Senate disagrees to the amendments of the House numbered 9, 11, and 12 to the above-entitled bill.

The message also announced that the Senate agrees to amendment numbered 3 of the House to the above-entitled bill, with an amendment, and that the Senate agrees to the amendment of the House to the title of said bill.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1612. An act to amend the act of September 16, 1942, which provided a method of voting, in time of war, by members of the land and naval forces absent from the place of their residence, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1447. An act to remit claims of the United States on account of overpayment to part-time charwomen in the Bureau of Engraving and Printing, and for other purposes.